CANACCORD Genuity

SECOND QUARTER

Fiscal 2019 Report to Shareholders

To us there are no foreign markets.™

Canaccord Genuity Group Inc. Reports Second Quarter Fiscal 2019 Results

Excluding significant items, second quarter earnings per common share of $0.23[(1)]

(All dollar amounts are stated in Canadian dollars unless otherwise indicated)

TORONTO, November 13, 2018 – During the second quarter of fiscal 2019, the quarter ended September 30, 2018, Canaccord Genuity Group Inc. (Canaccord Genuity, the Company, TSX: CF) generated $300.0 million in revenue. Excluding significant items[(1)], the Company recorded net income[(3)] of $28.9 million or net income of $26.3 million attributable to common shareholders[(2)] (earnings per common share of $0.23). Including all significant items, on an IFRS basis, the Company recorded net income[(3)] of $13.1 million or net income attributable to common shareholders[(2)] of $10.6 million (earnings per common share of $0.09).

"We are pleased to report our fourth consecutive quarter of meaningful year-over-year earnings growth, driven by continued strong financial and business performance," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "By growing contributions from our global wealth management operations and continually strengthening market share in our capital markets operations, we remain optimistic about the opportunities for our business and our ability to deliver superior returns for our shareholders."

Second Quarter of Fiscal 2019 vs. Second Quarter of Fiscal 2018

- Revenue of $300.0 million, an increase of 56.6% or $108.5 million from $191.5 million
- Excluding significant items, expenses of $261.9 million, an increase of 40.7% or $75.7 million from $186.2 million[(1)]
- Expenses of $280.3 million, an increase of 41.1% or $81.7 million from $198.6 million
- Excluding significant items, diluted earnings per common share (EPS) of $0.23 compared to earnings per common share of $0.01[(1)]
- Excluding significant items, net income[(3)] of $28.9 million compared to net income[(3)] of $3.5 million[(1)]
- Net income[(3)] of $13.1 million compared to a net loss[(3)] of $7.3 million
- Diluted EPS of $0.09 compared to a loss per common share of $0.11

Second Quarter of Fiscal 2019 vs First Quarter of Fiscal 2019

- Revenue of $300.0 million, an increase of 9.5% or $25.9 million from $274.1 million
- Excluding significant items, expenses of $261.9 million, an increase of 7.0% or $17.1 million from $244.8 million[(1)]
- Expenses of $280.3 million, an increase of 11.1% or $28.1 million from $252.2 million
- Excluding significant items, diluted EPS of $0.23 compared to diluted EPS of $0.19[(1)]
- Excluding significant items, net income[(3)] of $28.9 million compared to net income[(3)] of $25.0 million[(1)]
- Net income[(3)] of $13.1 million compared to a net income[(3)] of $18.6 million
- Diluted EPS of $0.09 compared to earnings per common share of $0.14

Contents

Year-to-Date Fiscal 2019 vs. Year-to-Date Fiscal 2018
(Six months ended September 30, 2018 vs. Six months ended September 30, 2017)

- Revenue of $574.2 million, an increase of 46.7% or $182.8 million from $391.4 million
- Excluding significant items, expenses of $506.7 million, an increase of 32.2% or $123.5 million from $383.2 million(1)
- Expenses of $532.5 million, an increase of 33.1% or $132.3 million from $400.2 million
- Excluding significant items, diluted EPS of $0.41 compared to diluted EPS of $0.00(1)
- Excluding significant items, net income(3) of $53.9 million compared to net income(3) of $5.2 million(1)
- Net income(3) of $31.8 million compared to a net loss(3) of $9.8 million
- Diluted EPS of $0.23 compared to a loss per common share of $0.16

Financial Condition at End of Second Quarter Fiscal 2019 vs. Fourth Quarter Fiscal 2018

- Cash and cash equivalents balance of $897.3 million, an increase of $34.5 million from $862.8 million
- Working capital of $604.8 million, an increase of $29.2 million from $575.6 million
- Total shareholders' equity of $798.1 million, a decrease of $43.3 million from $841.4 million
- Book value per diluted common share of $5.69, a decrease of $0.02 from $5.71(4)
- On November 13, 2018, the Board of Directors approved a dividend of $0.01 per common share, payable on December 10, 2018, with a record date of November 30, 2018.
- On November 13, 2018, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on December 31, 2018 with a record date of December 14, 2018; and $0.31206 per Series C Preferred Share payable on December 31, 2018 with a record date of December 14, 2018.

Summary of Operations

CORPORATE

- On August 10, 2018, the Company announced the filing of a normal course issuer bid (NCIB) to purchase common shares of the Company through the facilities of the TSX and on the alternative Canadian trading systems during the period from August 15, 2018 to August 14, 2019. The purpose of any purchases under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be repurchased represent 5.0% of the Company's outstanding common shares at the time of filing the NCIB. During the six months ended September 30, 2018, there were 152,200 shares purchased and cancelled under the NCIB which commenced August 15, 2017 and ended on August 14, 2018, as well as 26,700 shares that were purchased and cancelled under the current NCIB.
- On August 10, 2018, the Company completed its previously announced acquisition of an additional 30% of the shares in its Australian capital markets and wealth management business, Canaccord Genuity (Australia) Limited. This transaction increased the Company's ownership in Canaccord Genuity (Australia) Limited from 50% to 80%. The consideration for the purchase was $37.0 million (A$38.5 million) comprised of $14.4 million (A$15.0 million) cash, a promissory note of $5.8 million (A$6.0 million), and the issuance of 2,331,132 shares with a value of $16.8 million (A$17.5 million). The shares will be subject to a three-year escrow arrangement with annual releases.
- On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of $59,225,000 (the "Offered Debentures"). Concurrently, the Company also closed a non-brokered private placement with a large Canadian asset manager, for gross proceeds of $73,500,000, which together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of $132,725,000 (together with the Offered Debentures, the "Convertible Debentures"). The proceeds of the non-brokered private placement were used to repay the convertible debentures issued in 2016 in the principal amount of $60,000,000 and a premium of $13,500,000 for a total of $73,500,000. The Convertible Debentures bear interest at a rate of 6.25% per annum, payable semi-annually on the last day of December and June each year commencing December 31, 2018. The Convertible Debentures are convertible at the holder's option into common shares of the Company, at a conversion price of $10.00 per common share. The Convertible Debentures mature on December 31, 2023 and may be redeemed by the Company in certain circumstances, on or after December 31, 2021.
- The Company has agreed to enter into a strategic partnership with the Family Office Network ("FON"), one of the world's largest networks of family office and ultra-high net worth investors. The FON distribution channel is comprised of more than 10,000 members from approximately 30 regional FON associations around the world. This partnership will serve to strengthen Canaccord Genuity's distribution channel for new issues and other product offerings within its key verticals in capital markets and wealth management.

CAPITAL MARKETS

- Canaccord Genuity generated revenue of $178.7 million, and after intersegment allocations and excluding significant items, recorded net income before taxes of $24.9 million(1)
- Canaccord Genuity led or co-led 50 transactions globally, raising proceeds of C$2.1 billion(5) during fiscal Q2/19
- During fiscal Q2/19 including the 50 transactions led globally, Canaccord Genuity participated in 84 investment banking transactions globally, raising total proceeds of C$7.1 billion(5)
- Significant investment banking transactions for Canaccord Genuity during fiscal Q2/19 include:
  - US$129.4 million for Forty Seven, Inc.
  - US$110.4 million for Y-mAbs Therapeutics Inc. on Nasdaq
  - US$107.5 million for Neuronetics Inc. on Nasdaq
  - C$115.1 million initial public offering for Charlotte's Web Holdings, Inc. on CSE

- US$78.0 million for STAAR Surgical Company on Nasdaq
  - C$89.0 million for Green Growth Brands Ltd.
  - C$80.3 million for Green Thumb Industries
  - C$76.4 million for Osisko Mining on TSX
  - A$75.0 million for Audinate Group Limited on ASX
  - A$70.0 million for Nearmap Ltd. on ASX
  - C$65.6 million for Trulieve on CSE
  - £64.2 million for The Renewables Infrastructure Group Limited on LSE
  - US$48.9 million for Savara Inc. on Nasdaq
  - US$46.2 million for Adesto Technologies Inc.
  - C$46.0 million for Canaccord Genuity Growth Corp. on TSX
  - C$40.3 million for PRO Real Estate Trust on TSX
  - A$40.0 million for Dacian Gold Limited
  - C$37.4 million for Maricann Group Inc. on CSE
  - A$33.4 million for AusCann Group Holdings Ltd.
  - A$26.8 million for Healthia Group Limited
  - A$25.0 million for Primero Group Limited on ASX
  - C$33.0 million for CannaRoyalty Corp. on CSE
  - C$25.1 million for Growforce Holdings Inc. on CSE
  - £24.2 million for Bonhill Group plc
  - C$20.6 million for Regulus Resources Inc.
  - C$17.3 million for Friday Night Inc. on CSE
- In Canada, Canaccord Genuity participated in raising $233.8 million for government and corporate bond issuances during fiscal Q2/19.
- Canaccord Genuity generated advisory revenues of $43.9 million during fiscal Q2/19, an increase of $13.5 million or 44.2% compared to the same quarter last year
- During fiscal Q2/19, significant M&A and advisory transactions included:
  - ABcann Global Corporation on its C$133 million Acquisition of Canna Farms Limited
  - Adesto Technologies Corporation on its acquisition of Echelon Corporation
  - Connance on its sale to Waystar Health, a portfolio company of Bain Capital Private Equity
  - DHX Media on its $185 million sale of a minority interest in Peanuts to Sony Music
  - Fluence on its acquisition by OSRAM Licht
  - Hyperblock Technologies Corp. on its C$106 million acquisition of CryptoGlobal Corp.
  - Iatric Systems on its sale to Harris Computer Systems, a subsidiary of Constellation Software
  - kSaria on its sale to Behrman Capital
  - LBO France and LFPI on the disposal of Eminence to Delta Galil
  - MBO Partenaires on the acquisition of Groupe LT
  - MedReleaf Corp. on its C$3.2 billion sale to Aurora Cannabis Inc.
  - Naxicap Partners on its disposal of 2R Holding to Eurazeo PME
  - Precedent Health on its sale to SpecialtyCare
  - South32 on its acquisition of Arizona Mining

CANACCORD GENUITY WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated $116.1 million in revenue in Q2/19
- Assets under administration in Canada and assets under management in the UK & Europe and Australia were $65.8 billion at the end of Q2/19(4), a small decrease of 0.6% from $66.2 billion at the end of Q1/19 and an increase of 20.8% from $54.5 billion at the end of Q2/18

CANACCORD GENUITY WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated $52.2 million in revenue and, after intersegment allocations and before taxes, recorded net income of $7.7 million in Q2/19
- Assets under administration in Canada were $19.7 billion as at September 30, 2018 an increase of 4.4% from $18.9 billion at the end of the previous quarter and an increase of 54.3% from $12.8 billion at the end of Q2/18(4)
- Assets under management in Canada (discretionary) were $4.2 billion as at September 30, 2018, an increase of 11.7% from $3.7 billion at the end of the previous quarter and an increase of 54.7% from $2.7 billion at the end of Q2/18(4). These assets are included in total assets under administration.
- Canaccord Genuity Wealth Management had 150 Advisory Teams(6) at the end of fiscal Q2/19, an increase of 2 Advisory Teams from June 30, 2018 and an increase of 16 from September 30, 2017

CANACCORD GENUITY WEALTH MANAGEMENT (UK & EUROPE)

- Wealth management operations in the UK & Europe generated $63.9 million in revenue and, after intersegment allocations, and excluding significant items, recorded net income of $13.0 million before taxes in Q2/19[(1)]
- Assets under management (discretionary and non-discretionary) were $45.2 billion (£26.9 billion) as at September 30, 2018, a decrease of 2.6% from $46.4 billion (£26.9 billion) at the end of the previous quarter and an increase of 10.9% from $40.8 billion (£24.4 billion) at September 30, 2017[(4)]. In local currency (GBP), assets under management at September 30, 2018 increased slightly by 0.1% compared to June 30, 2018 and by 10.2% compared to September 30, 2017[(4)].

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 10.
(2) Net income (loss) attributable to common shareholders is calculated as the net income (loss) adjusted for non-controlling interests and preferred share dividends.
(3) Before non-controlling interests and preferred share dividends.
(4) See Non-IFRS Measures on page 10
(5) Transactions over $1.5 million. Internally sourced information.
(6) Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book of business.

NON-IFRS MEASURES

The non-International Financial Reporting Standards (IFRS) measures presented include assets under administration, assets under management, book value per diluted common share and figures that exclude significant items. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, certain accounting charges related to the change in the Company's long-term incentive plan as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisition of Hargreave Hale, loss related to the extinguishment of convertible debentures for accounting purposes, as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants, settlement of a promissory note issued as purchase consideration in shares at the Company's option, conversion of convertible debentures divided by the number of diluted common shares that would then be outstanding including estimated amounts in respect of share issuance commitments including options, warrants convertible debentures, and a promissory note, as applicable, and, commencing in Q1/14, adjusted for shares purchased under the Company's normal course issuer bid (NCIB) and not yet cancelled and estimated forfeitures in respect of unvested share awards under share-based payment plans.

Management believes that these non-IFRS measures will allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business; thus, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[(1)]

(C$ thousands, except per share and % amounts)	Three months ended September 30 2018	Three months ended September 30 2017	Quarter-over-quarter change	Six months ended September 30 2018	Six months ended September 30 2017	YTD-over-YTD change
Total revenue per IFRS	**$ 300,036**	$ 191,547	56.6%	**$ 574,159**	$ 391,355	46.7%
Total expenses per IFRS	**$ 280,306**	$ 198,613	41.1%	**$ 532,547**	$ 400,193	33.1%
Revenue						
Significant items recorded in Canaccord Genuity						
Total revenue excluding significant items	**$ 300,036**	$ 191,547	56.6%	**$ 574,159**	$ 391,355	46.7%
Expenses						
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	**639**	579	10.4%	**1,218**	1,159	5.1%
Restructuring costs[(2)]	**—**	4,256	(100.0)%	**1,316**	4,704	(72.0)%
Acquisition related costs	**—**	—	—	**1,173**	—	n.m.
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**2,751**	1,262	118.0%	**5,607**	2,586	116.8%
Restructuring costs[(2)]	**—**	2,000	(100.0)%	**—**	2,000	(100.0)%
Acquisition-related costs	**—**	4,364	(100.0)%	**—**	6,548	(100.0)%
Incentive based costs related to acquisition[(3)]	**1,498**	—	n.m.	**3,041**	—	n.m.
Significant items recorded in Corporate and Other						
Loss on extinguishment of convertible debentures	**13,500**	—	n.m.	**13,500**	—	n.m.
Total significant items	**18,388**	12,461	47.6%	**25,855**	16,997	52.1%
Total expenses excluding significant items	**261,918**	186,152	40.7%	**506,692**	383,196	32.2%
Net income before taxes – adjusted	**$ 38,118**	$ 5,395	n.m.	**$ 67,467**	$ 8,159	n.m.
Income taxes – adjusted	**9,251**	1,847	n.m.	**13,565**	2,996	n.m.
Net income – adjusted	**$ 28,867**	$ 3,548	n.m.	**$ 53,902**	$ 5,163	n.m.
Net income attributable to common shareholders, adjusted	**$ 26,291**	970	n.m.	**$ 47,942**	$ 343	n.m.
Earnings per common share – basic, adjusted	**$ 0.27**	$ 0.01	n.m.	**$ 0.50**	$ 0.00	n.m.
Earnings per common share – diluted, adjusted	**$ 0.23**	$ 0.01	n.m.	**$ 0.41**	$ 0.00	n.m.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.
(2) Restructuring costs for the six months ended September 30, 2018 were incurred in connection with our UK capital markets operations. Restructuring costs for the six months ended September 30, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in the UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.
(3) Incentive-based costs related to the acquisition of Hargreave Hale determined with reference to financial targets and other performance criteria.
n.m..: not meaningful

BUSINESS SEGMENT RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

				Excluding significant items[(A)]	*IFRS*
(C$ thousands, except per share amounts)	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Total
Revenue	$ 178,734	$ 116,126	$ 5,176	$ 300,036	$ 300,036
Expenses	(150,410)	(96,070)	(33,826)	(280,306)	(280,306)
Inter-segment allocations	(4,110)	(3,671)	7,781	—	—
Income (loss) before income taxes and significant items	$ 24,214	$ 16,385	$ (20,869)	$ 19,730	$ 19,730
Significant items[(A)]					
Amortization of intangible assets	639	2,751	—	3,390	—
Incentive-based costs related to acquisition	—	1,498	—	1,498	—
Loss on extinguishment of convertible debentures	—	—	13,500	13,500	—
Total significant items	639	4,249	13,500	18,388	—
Income (loss) before income taxes	24,853	20,634	(7,369)	38,118	19,730
Income (taxes) recovery[(B)]	(7,503)	(3,601)	1,853	(9,251)	(6,603)
Non-controlling interests	(225)	—	—	(225)	(225)
Preferred share dividends[(C)]	(1,425)	(926)	—	(2,351)	(2,351)
Corporate and other[(C)]	(3,344)	(2,172)	5,516	—	—
Net income attributable to common shareholders	12,356	13,935	—	26,291	10,551
Dilutive EPS factors					
Interest on convertible debentures, net of tax[(C)]	1,784	1,159	—	2,943	—
	14,140	15,094	—	29,234	10,551
Average diluted number of shares[(D)]	129,133	129,133		129,133	115,861
Diluted earnings per share, excluding significant items[(A)]	**$ 0.11**	**$ 0.12**	**$ —**	**$ 0.23**	**$ —**
Diluted earnings per share on an IFRS basis	**$ —**	**$ —**	**$ —**	**$ —**	**$ 0.09**

(A) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.
(B) Allocation of consolidated tax provision based on management estimates by region and by business unit
(C) Allocation to capital markets and wealth management segments based on revenue
(D) This is the diluted share number used to calculate diluted EPS.

Fellow Shareholders:

I am very pleased to report strong financial and business performance for the first half of our 2019 fiscal year. While activity levels in our industry have traditionally been slower during the summer months, a supportive market for growth stocks during the three-month period created opportunities for us to deliver for our clients on a wide variety of engagements across our capital markets and wealth management businesses.

Delivering on our strategy of driving predictable and sustainable results

Our efforts to improve our business mix and increase stability of our earnings have helped us to deliver our fourth consecutive quarter of meaningful year-over-year earnings growth. Excluding significant items[1] Canaccord Genuity Group Inc. produced pre-tax net income of $38.1 million for our fiscal second quarter, a significant improvement from $5.4 million in the same period last year. This translated to an adjusted diluted earnings per share of $0.23. We estimate that just over half of this amount was attributable to our global wealth management operations and half from our global capital markets business. We achieved this result on quarterly revenue of $300.0 million, a year-over-year increase of 56.6% and our highest second quarter revenue on record.

Turning to expenses, we are maintaining our cost discipline even as we invest for growth. While certain overhead expenses have increased to support increased capital markets activity and the expansion of our wealth management businesses, excluding significant items, second quarter expenses as a percentage of revenue were 9.9 percentage points lower than a year ago. Our firmwide compensation ratio for the second quarter and first half of our fiscal year was 59.7% and 60.2% respectively, within our target range.

Strong momentum in global wealth management strategy continues to drive growth and stability

Excluding significant items, our combined wealth management operations contributed pre-tax net income of $20.6 million dollars for the second fiscal quarter and we estimate that this segment contributed 59% of the diluted earnings per share for our combined operating businesses fiscal year to date. At the end of our second quarter, total client assets in our global wealth management operations reached $65.8 billion, a year-over-year improvement of 20.8%, and revenue for the three-month period improved by 67.0% year-over-year, to $116.1 million.

Revenue in our UK & Europe wealth management operations increased by $26.4 million or 70.6% compared to the second quarter of last year, largely due to the increased assets associated with our acquisition of Hargreave Hale, which closed in September 2017. We have made significant progress integrating this business and our efforts to bring employees together on the same platform under a unified brand is supporting further organic growth. Profitability continues to be healthy and excluding significant items, the pre-tax profit margin for the quarter was 20.3%. Looking ahead, we remain focused on developing greater synergies and driving margin improvement while simultaneously looking for attractive partnership opportunities with established managers to grow our overall platform.

In our Canadian wealth management business, we have made excellent progress against our strategic priorities of increasing client assets and driving better returns, as we help new and existing advisors grow. This business has delivered its eighth consecutive quarter of profitability and excluding significant items, recorded a second quarter pre-tax profit margin of 14.7%. Since 2016, we have welcomed 35 advisors and approximately $7.6 billion in new client assets. Our recruiting activities have contributed to significant growth in client assets, which increased by 54.3% year-over-year, to $19.7 billion.

Across our global wealth management operations, we remain intensely focused on expanding our offering as we increase scale, to further enhance the revenue generating potential of our firm. We are also committed to a continuous improvement program of advancing our technological infrastructure and transforming our culture, to make it easier for established investment professionals and their clients to do business with us. Our strong momentum to date and our collaborative culture are why CG Wealth Management continues to be a very attractive destination for top talent and the clients they serve.

Capturing market share in priority segments of the capital markets

The most substantial revenue contribution for our second fiscal quarter was delivered by our global capital markets operations, a result that was primarily driven by robust investment banking and advisory activity in our Canadian and US businesses. For the three-month period, revenue increased by 50.3% year-over-year, to $178.7 million and excluding significant items, the pre-tax net income contribution amounted to $24.8 million, a significant improvement from a loss of $1.9 million in the same period last year.

During the quarter, we participated in 84 transactions globally, to raise total proceeds of $7.1 billion and revenue earned from investment banking activity doubled on a year-over-year basis. Advisory revenues increased by 44.2% and reflected contributions from diverse sector capabilities, including technology, life sciences, cannabis, consumer, and mining.

We have continued to improve our market share, particularly in our Canadian and US operations. In Canada, Canaccord Genuity is currently the leading investment bank by number of transactions and total amount raised to date for calendar 2018, and we raised almost twice the amount as our closest independent competitor during our second quarter. We also recorded a 54% year-over-year increase in commissions and fees revenue in this region, largely reflecting the contributions from our acquisition of JitneyTrade. While we are still progressing with the integration of

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

this business, we are encouraged by the strong contributions thus far. Looking ahead to our third quarter, our Canadian operation has already successfully completed a significant number of financings for our clients in the first six weeks of the reporting period and we are optimistic about its market position and continued success.

According to data from Dealogic, our US capital markets team advanced by eight spots in the ECM league tables for the first half of our fiscal year when compared to the same period last year. Our international equities business has also continued to gain share and trading revenues in this region for the second quarter increased by 28.7% year-over-year. Another important priority for our US capital markets business has been to increase the diversity of our revenue streams, with a particular emphasis on our advisory business, and we are making excellent progress against this goal. Revenue generated through US advisory activity increased by 54.0% year-over-year and much of the growth in this segment has been through our healthcare and technology verticals which complements our strong track record of ECM activity in those sectors.

It was a challenging quarter for our UK, Europe & Dubai capital markets operation, where several transactions that were expected to close in the first half of our fiscal year have been pushed into the second half of the year. On a positive note, we anticipate a near-term return to profitability for this business as these transactions materialize. Additionally, this team has recently won several new corporate broking mandates and we are optimistic that the recent senior additions to our sales, research, banking and advisory teams will contribute to strengthening our competitive position. While the current Brexit negotiations increase uncertainty surrounding business activities in the UK & Europe, our investment in our production capability ensures that clients across our geographies will continue to benefit from the opportunities, expertise and execution capabilities that we can provide in this region when markets are supportive.

Despite a recent rotation from small cap equities in the region, our Australian capital markets team has been active on increasingly larger mandates and a broader range of sectors. Fiscal year to date, this business has recorded a 47.2% growth in revenue and excluding significant items, a pre-tax profit margin of 16.3%. Looking forward, I am confident that we are well positioned to build upon our strengths in this region, as we look to expand our market share in both capital markets and wealth management.

By steadily evolving our platforms and expanding our client focus while staying true to our independent roots, we are an increasingly stronger competitor. We are differentiated by our ability to offer unparalleled opportunities for our clients, and we form early-stage partnerships in areas where we see compelling longer-term potential. During the quarter, our inaugural Special Purpose Acquisition Company ("SPAC") announced the completion of its Qualifying Acquisition of Spark Power. With zero redemptions, this transaction demonstrated that the Canaccord Genuity SPAC structure provides an attractive alternative for private companies looking to access public growth markets. We also closed a $46 million financing for our second SPAC, Canaccord Genuity Growth Corp., and in recent weeks it was announced that Columbia Care LLC has been selected as the candidate for its qualifying acquisition.

Without question, Canaccord Genuity has established itself as the leading investment bank and advisory firm to the cannabis sector. With our deeply established global capabilities and strong track record of delivering successful outcomes for our clients across the value chain, we expect to retain our lead as the industry expands globally. That said, our business model is centered on a diverse platform that is capable of delivering stability for our clients, employees and shareholders throughout cycles and we are careful to limit our reliance on any single business. While we are proud of our many accomplishments in the cannabis sector, fiscal year to date our capital markets cannabis-related revenue earned in this segment amounted to less than 15% of our global capital markets revenue.

Positioned for opportunity in any market environment

Despite the recently increased market volatility, including the sell-off that took place in late October, our third fiscal quarter is off to a positive and productive start. We are encouraged by current activity levels and we are enthusiastic about the business opportunities ahead of us.

We remain steadfast in our commitment to delivering on our strategic priorities of increasing contributions from our core verticals and executing with excellence, while maintaining discipline around our expenses. Looking ahead, we will prioritize investments that drive growth, improve predictability, increase our market share and enhance our profitability.

Our diversified business model has proven its strength in prior cycles and we have continued to enhance our stability, as evidenced in our results. While we are limited in our ability to predict market events, when the next downturn inevitably occurs, I am confident that Canaccord Genuity Group is advantageously positioned to deliver compelling value for our clients, and increasingly predictable results for our shareholders.

Kind regards,

DAN DAVIAU
President & CEO
Canaccord Genuity Group Inc.

Management's Discussion and Analysis

Second quarter fiscal 2019 for the three months and six months ended September 30, 2018 — this document is dated November 13, 2018

The following discussion of the financial condition and results of operations for Canaccord Genuity Group Inc. is provided to enable the reader to assess material changes in our financial condition and to assess results for the three- and six-month periods ended September 30, 2018 compared to the corresponding period in the preceding fiscal year. The three-month period ended September 30, 2018 is also referred to as second quarter 2019 and Q2/19. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and "Canaccord Genuity Group" refers to the Company and its direct and indirect subsidiaries. "Canaccord Genuity" refers to the investment banking and capital markets segment of the Company. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three- and six-month period ended September 30, 2018, beginning on page 38 of this report; our Annual Information Form (AIF) dated June 25, 2018; and the 2018 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2018 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 6, 2018 (the 2018 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2018 except as disclosed in this MD&A. The Company's financial information is expressed in Canadian dollars unless otherwise specified.

Cautionary Statement Regarding Forward-Looking Information

This document may contain "forward-looking statements" (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management's expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts, including business and economic conditions and the Company's growth, results of operations, performance, business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties discussed from time to time in the Company's unaudited interim condensed and Audited Annual Consolidated Financial Statements and in its 2018 Annual Report and AIF filed on www.sedar.com as well as the factors discussed in the section entitled "Risks" in this MD&A, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2019 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and Audited Annual Consolidated Financial Statements and in its 2018 Annual Report and AIF filed on www.sedar.com. The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are cautioned that the preceding list of material factors or assumptions is also not exhaustive.

Although the forward-looking information contained in this document is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this document are made as of the date of this document and should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. Certain statements included in this document may be considered "financial outlook" for purposes of applicable Canadian securities laws, and such financial outlook may not be appropriate for purposes other than this document. Except as may be required by applicable law, the Company does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, further developments or otherwise.

Presentation of Financial Information and Non-IFRS Measures

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three- and six-month period ended September 30, 2018 (Second Quarter 2019 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The Second Quarter 2019 Financial Statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), and using accounting policies consistent with those applied in preparing the Company's Audited Annual Consolidated Financial Statements for the year ended March 31, 2018.

NON-IFRS MEASURES

Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures presented include assets under administration, assets under management, book value per diluted common share, return on common equity and figures that exclude significant items.

The Company's capital is represented by common and preferred shareholders' equity and, therefore, management uses return on common equity (ROE) as a performance measure. Also used by the Company as a performance measure is book value per diluted common share, which is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants, settlement of a promissory note issued as purchase consideration in shares at the Company's option, and conversion of convertible debentures divided by the number of diluted common shares that would then be outstanding including estimated amounts in respect of share issuance commitments including options, warrants, convertible debentures, and a promissory note, as applicable, and adjusted for shares purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

Assets under administration (AUA) and assets under management (AUM) are non-IFRS measures of client assets that are common to the wealth management business. AUA — Canada, AUM — Australia and AUM — UK & Europe are the market value of client assets managed and administered by the Company from which the Company earns commissions and fees. This measure includes funds held in client accounts as well as the aggregate market value of long and short security positions. AUM — Canada includes all assets managed on a discretionary basis under programs that are generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program.* Services provided include the selection of investments and the provision of investment advice. The Company's method of calculating AUA — Canada, AUM — Canada, AUM — Australia and AUM — UK & Europe may differ from the methods used by other companies and therefore may not be comparable to other companies. Management uses these measures to assess operational performance of the Canaccord Genuity Wealth Management business segment. AUM — Canada is also administered by the Company and is included in AUA — Canada.

Financial statement items that exclude significant items are non-IFRS measures. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, certain accounting charges related to the change in the Company's long-term incentive plan as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisition of Hargreave Hale, loss related to the extinguishment of convertible debentures for accounting purposes as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. See the Selected Financial Information Excluding Significant Items table on page 15.

Management believes that these non-IFRS measures allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business; thus, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

Business Overview

Through its principal subsidiaries, Canaccord Genuity Group Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord Genuity Group has wealth management offices located in Canada, the UK, Guernsey, Jersey, the Isle of Man and Australia. Canaccord Genuity, the Company's international capital markets division, operates in North America, the UK & Europe, Asia, Australia and the Middle East. To us there are no foreign markets™.

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX. Canaccord Genuity Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. Canaccord Genuity Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C. The Company's 6.25% Convertible Unsecured Senior Subordinated Debentures are listed on the TSX under the symbol CF.DA.A.

Our business is affected by the overall condition of the worldwide equity and debt markets.

Market Environment During Q2 Fiscal 2019

Economic backdrop:

During the second quarter of fiscal 2019, world equities (+4.4%) posted strong positive returns, led by the S&P 500 (+7.7%). However, Canadian equities (-0.6%) and emerging markets (+0.1%) were mostly flat, hindered by heightened trade tensions. Over the course of the three-month period, the US government began collecting tariffs on certain imports from China. On September 30, 2018, the US and Canada announced a new trade agreement, the United States — Mexico — Canada Agreement ("USMCA"), a development which is likely to remove uncertainty for corporations.

In addition to trade tensions, higher bond yields, the rebound in crude oil price and a strong US dollar hindered global economic growth during our second quarter. However, US inflation rose to the Federal Reserve target, which prompted the central bank to hike its target rate by 25 basis points. Moreover, the Federal Reserve has reinforced expectations of another hike by December as well as additional rate increases in calendar 2019.

The UK's decision to depart from the EU, referred to as "Brexit," has exposed the Company's UK operations to market and volatility risk as there is uncertainty surrounding the impact this will have on the market.

While the business cycle seems to be maturing with global growth momentum downshifting, we note that the deceleration is starting from elevated growth levels. Aside from the Federal Reserve, global monetary policies remain highly accommodative, lowering odds of a recession unfolding over the next year.

Investment banking and advisory

Capital raising and advisory activity on our core focus areas proved robust considering the negative returns for global small cap equities during our second fiscal quarter, as indicated in the table below. While we anticipate that weakness in small cap equities has the potential to impair capital raising and advisory activities in some areas of our business, we also note that small- and mid-cap equities tend to be more domestically focused and as a result appear less sensitive to trade tensions and global macro/geopolitical risks than large-caps. With expectations that commodity prices will stay firm through the second half of our fiscal year, we expect that the lower valuations have the potential to drive M&A activities in the natural resource sectors as business combinations increase.

Index Value at End	Q2/18		Q3/18		Q4/18		Q1/19		Q2/19		
of Fiscal Quarter	29-Sep-17	(Y/Y)	29-Dec-17	(Y/Y)	30-Mar-18	(Y/Y)	29-Jun-18	(Y/Y)	28-Sep-18	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	278.5	18.4%	301.8	34.5%	306.1	21.7%	277.6	8.3%	259.8	-6.7%	-6.4%
S&P IFCI Global Large Cap	241.3	20.5%	258.6	34.6%	261.1	22.1%	239.1	5.8%	236.3	-2.1%	-1.2%

Source: Thomson Reuters Datastream, Canaccord Genuity estimates

Our capital raising and advisory activities are primarily focused on small- and mid-capitalization companies in specific growth sectors of the global economy. These sectors may experience growth or downturns independent of broader economic and market conditions, and government regulation can also have a more profound impact on capital formation for smaller companies. Volatility in the business environment for these industries or in the market for securities of companies within these industries in the regions where we operate could adversely affect our financial results and ultimately, the market value of our shares. Advisory revenues are primarily dependent on the successful completion of merger, acquisition or restructuring mandates. Weak economic and global financial market conditions and uncertainties with respect to Brexit would result in a challenging business environment for small and mid-market M&A and capital raising activity but may provide opportunities for our restructuring business.

Trading

Fluctuations in commodity prices, bond yields and sector returns tend to stimulate trading activities and as such trading volumes increased in the US, Europe and Canada during our second fiscal quarter compared to year-ago levels. Looking ahead, we continue to expect that the implementation of MiFID II rules (Markets in Financial Instruments Directive) in some of our jurisdictions carries some potential to impair trading volumes in the medium to long-term.

Average Value During	Q2/18		Q3/18		Q4/18		Q1/19		Q2/19		
Fiscal Quarter	29-Sep-17	(Y/Y)	29-Dec-17	(Y/Y)	30-Mar-18	(Y/Y)	29-Jun-18	(Y/Y)	28-Sep-18	(Y/Y)	(Q/Q)
Russell 2000	1416.1	15.8%	1511.5	17.4%	1554.1	13.0%	1608.2	15.7%	1698.4	19.9%	5.6%
S&P 400 Mid Cap	1745.6	12.8%	1853.4	16.5%	1914.1	12.2%	1932.6	11.7%	2011.4	15.2%	4.1%
FTSE 100	7380.7	9.1%	7480.4	8.0%	7354.7	1.1%	7544.7	2.1%	7553.0	2.3%	0.1%
MSCI EU Mid Cap	1071.5	15.5%	1107.9	18.0%	1104.5	10.0%	1115.8	4.5%	1123.5	4.9%	0.7%
S&P/TSX	15181.4	4.1%	15982.8	7.0%	15746.2	1.3%	15872.1	2.6%	16303.8	7.4%	2.7%

Source: Thomson Reuters Datastream, Canaccord Genuity estimates

Global wealth management

During the second quarter of fiscal 2019, market values of US equities (+7.7%) pushed above January levels to new all-time highs. Meanwhile, despite rising commodity prices (+1.3%) over the three-month period, the quarter proved more challenging for Canadian equities (-0.6%). Trade tensions, concerns related to Turkey and the back up in bond yields also likely impacted EM equities (+0.1%).

Total Return (excl. currencies)	Q2/18 Change (Q/Q)	Q3/18 Change (Q/Q)	Q4/18 Change (Q/Q)	Q1/19 Change (Q/Q)	Q2/19 Change (Q/Q)	Fiscal 2019 Change
S&P 500	4.5%	6.6%	-0.8%	3.4%	7.7%	11.4%
S&P/TSX	3.7%	4.5%	-4.5%	6.8%	-0.6%	6.2%
MSCI EMERGING MARKETS	7.7%	5.7%	0.6%	-3.3%	0.1%	-3.2%
MSCI WORLD	5.3%	5.8%	-0.9%	0.8%	4.4%	5.2%
S&P GS COMMODITY INDEX	7.2%	9.9%	2.2%	8.0%	1.3%	9.4%
US 10-YEAR T-BONDS	0.6%	-0.2%	-2.5%	-0.6%	-1.5%	-2.1%
CAD/USD	4.0%	-0.9%	-2.4%	-1.9%	1.8%	-0.2%
CAD/EUR	0.6%	-2.4%	-4.8%	3.3%	2.4%	5.8%

Outlook

The ongoing business cycle seems to be maturing but we believe that recession risks remain low over the next year. We expect that strong earnings growth and business and consumer confidence should continue to support equities going forward. However, we also expect that the combined impact of rising bond yields, US dollar strength, firming oil prices and trade tensions are likely to negatively impact US economic and earnings growth next year. As such, the bull market for equities is likely in its late stage.

In Canada, the economic growth outlook remains constrained by tightening financial conditions. Rising interest rates may have a more pronounced negative effect on the economy, given elevated consumer and corporate debt levels. However, the new USMCA coupled with rising commodity prices is expected to unlock business investments previously put on hold due to trade uncertainties. In the UK, uncertainties around Brexit persist and the impact it will have on UK activity continues to be unknown. Elsewhere, interest rates remain at historically low levels in Europe and in Japan. Also, emerging markets ("EM") central banks for the most part have refrained from constraining growth with excessive rate hikes to defend their currencies. Outside of the US, monetary policies remain highly accommodative. In all, despite ongoing trade tensions, we foresee a balanced risk outlook for the global economy, a positive supply/demand backdrop for commodity prices and a somewhat favourable environment for equities, despite elevated valuation multiples in some markets.

Looking ahead, expected robust earnings growth and elevated valuation multiples are generally supportive for our M&A and new issue activities. While we expect our core areas of expertise to exhibit steady financing activities, a transition in market leadership in the more value-tilted areas of the stock market should allow for a broadening in investment banking and M&A activities across sectors. Aside from financing and advisory activity, we expect that higher commodity prices and rising bond yields will support our agency business, as this backdrop generally leads investors to rotate among and within equity sectors. Otherwise, we expect equity market returns to be more volatile but still positive, especially if there is a gradual rotation away from growth equities into value equities. As Investment Advisors typically manage portfolios on behalf of their clients, we expect this transition will support our wealth management businesses.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

Canaccord Genuity Group Inc.'s operations are divided into two business segments: Canaccord Genuity (investment banking and capital markets operations) and Canaccord Genuity Wealth Management. Together, these operations offer a wide range of complementary investment banking services, investment products and brokerage services to the Company's institutional, corporate and private clients. The Company's administrative segment is referred to as Corporate and Other.

Canaccord Genuity

Canaccord Genuity is the global capital markets division of Canaccord Genuity Group Inc., offering institutional and corporate clients idea-driven investment banking, merger and acquisition, research, sales and trading services with capabilities in North America, the UK & Europe, Asia, Australia and the Middle East. We are committed to providing valued services to our clients throughout the entire lifecycle of their business and operating as a gold standard independent investment bank — expansive in resources and reach, but targeted in industry expertise, market focus and individual client attention.

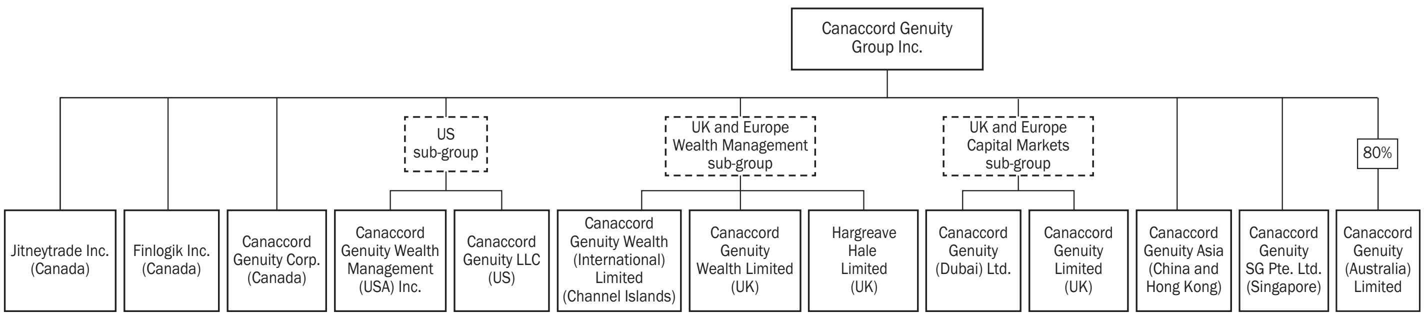
Canaccord Genuity Wealth Management

Canaccord Genuity Wealth Management operations provide comprehensive wealth management solutions and brokerage services to individual investors, private clients, charities and intermediaries through a full suite of services tailored to the needs of clients in each of its markets. The Company's wealth management division now has Investment Advisors (IAs) and professionals in Canada, the UK, Jersey, Guernsey, the Isle of Man and Australia.

Corporate and Other

Canaccord Genuity Group's administrative segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, and activities not specifically allocable to either the Canaccord Genuity or Canaccord Genuity Wealth Management divisions. Also included in this segment are the Company's operations and support services, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and other administrative functions of Canaccord Genuity Group Inc.

Corporate structure



The chart shows principal operating companies of the Canaccord Genuity Group.

Effective August 10, 2018, the Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited [March 31, 2018 — 50%], but for accounting purposes, as of September 30, 2018 the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2018 — 58%].

Consolidated Operating Results

SECOND QUARTER AND FIRST HALF OF FISCAL 2019 SUMMARY DATA[(1)(2)(7)]

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended September 30			QTD	Six months ended September 30			
	2018	2017	2016	Q2/19 vs. Q2/18	**2018**	2017	2016	YTD FY 2019 vs. FY 2018
Canaccord Genuity Group Inc. (CGGI)								
Revenue								
Commissions and fees	**$ 139,402**	$ 96,125	$ 95,342	45.0%	**$ 275,782**	$ 201,080	$ 188,214	37.2%
Investment banking	**67,426**	33,356	40,901	102.1%	**134,947**	74,052	78,026	82.2%
Advisory fees	**44,396**	30,589	21,554	45.1%	**69,310**	49,485	61,148	40.1%
Principal trading	**28,949**	22,849	26,859	26.7%	**59,857**	48,736	54,405	22.8%
Interest	**15,326**	5,793	4,005	164.6%	**24,572**	10,969	7,613	124.0%
Other	**4,537**	2,835	4,941	60.0%	**9,691**	7,033	10,376	37.8%
Total revenue	**300,036**	191,547	193,602	56.6%	**574,159**	391,355	399,782	46.7%
Expenses								
Incentive compensation	**151,493**	101,270	104,080	49.6%	**289,239**	207,574	211,655	39.3%
Salaries and benefits	**27,598**	21,664	20,633	27.4%	**56,185**	44,071	42,542	27.5%
Other overhead expenses[(3)]	**87,468**	64,851	68,132	34.9%	**170,876**	135,088	134,817	26.5%
Acquisition-related costs	**—**	4,364	—	(100.0)%	**1,173**	6,548	—	(82.1)%
Restructuring costs[(4)]	**—**	6,256	—	(100.0)%	**1,316**	6,704	—	(80.4)%
Loss on extinguishment of convertible debentures	**13,500**	—	—	n.m.	**13,500**	—	—	n.m.
Share of loss from associate	**247**	208	—	18.8%	**258**	208	—	24.0%
Total expenses	**280,306**	198,613	192,845	41.1%	**532,547**	400,193	389,014	33.1%
Income (loss) before income taxes	**19,730**	(7,066)	757	n.m.	**41,612**	(8,838)	10,768	n.m.
Net income (loss)	**$ 13,127**	$ (7,258)	$ 200	280.9%	**$ 31,776**	$ (9,818)	$ 7,655	n.m.
Net income (loss) attributable to:								
CGGI shareholders	**$ 12,902**	$ (7,485)	$ (1,220)	272.4%	**$ 30,518**	$ (9,747)	$ 5,462	n.m.
Non-controlling interests	**$ 225**	$ 227	$ 1,420	(0.9)%	**$ 1,258**	$ (71)	$ 2,193	n.m.
Earnings (loss) per common share – diluted	**$ 0.09**	$ (0.11)	$ (0.05)	181.8%	**$ 0.23**	$ (0.16)	$ (0.01)	243.8%
Dividends per common share	**$ 0.01**	$ 0.01	$ —	—	**$ 0.02**	$ 0.02	—	—%
Book value per diluted common share[(5)]	**$ 5.69**	$ 4.74	$ 4.70	20.0%				
Total assets	**$4,220,131**	$3,413,398	$3,960,901	23.6%				
Total liabilities	**$3,420,074**	$2,679,660	$3,223,981	27.6%				
Non-controlling interests	**$ 2,004**	$ 13,354	$ 8,992	(85.0)%				
Total shareholders' equity	**$ 798,053**	$ 720,384	$ 727,928	10.8%				
Number of employees	**2,036**	1,953	1,727	4.2%				
Excluding significant items[(6)]								
Total revenue	**300,036**	$ 191,547	$ 193,602	56.6%	**574,159**	$ 391,355	$ 398,589	46.7%
Total expenses	**261,918**	$ 186,152	$ 190,695	40.7%	**506,692**	$ 383,196	$ 384,641	32.2%
Income before income taxes	**38,118**	5,395	2,907	n.m.	**67,467**	8,159	13,948	n.m.
Net income	**28,867**	3,548	2,008	n.m.	**53,902**	5,163	10,147	n.m.
Net income (loss) attributable to:								
CGGI shareholders	**28,642**	3,321	518	n.m.	**52,644**	5,234	7,817	n.m.
Non-controlling interests	**225**	227	1,490	(0.9)%	**1,258**	(71)	2,330	n.m.
Net income (loss) attributable to common shareholders, adjusted	**26,291**	970	(2,481)	n.m.	**47,942**	343	1,819	n.m.
Earnings (loss) per common share – diluted	**0.23**	0.01	(0.03)	n.m.	**0.41**	0.00	0.02	n.m.

(1) Data is in accordance with IFRS except for ROE, book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 10.
(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest has been recognized for the three and six months ended September 30, 2018 [April 1, 2018 to August 9, 2018 — 42% and post acquisition of an additional 30% interest in the Australian operations on August 10, 2018 — 15%; three and six months ended September 30, 2016 — 42% and September 30, 2015 — 40%.].
(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets, and development costs.
(4) Restructuring costs for the six months ended September 30, 2018 were incurred in connection with our UK capital markets operations. Restructuring costs for the six months ended September 30, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in the UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.
(5) Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants, settlement of a promissory note in shares at the Company's option, and the conversion of convertible debentures, divided by the number of diluted common shares which would then be outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, and a promissory note, as applicable, and adjusted for shares purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.
(6) Net income (loss) and earnings (loss) per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on the next page.
(7) Data includes the operating results of Hargreave Hale Limited since September 18, 2017 and the operating results of Jitneytrade Inc. and Finlogik Inc. since June 6, 2018.
n.m.: not meaningful
p.p. percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

(C$ thousands, except per share and % amounts)	Three months ended September 30 2018	Three months ended September 30 2017	Quarter-over-quarter change	Six months ended September 30 2018	Six months ended September 30 2017	YTD-over-YTD change
Total revenue per IFRS	$ 300,036	$ 191,547	56.6%	$ 574,159	$ 391,355	46.7%
Total expenses per IFRS	$ 280,306	$ 198,613	41.1%	$ 532,547	$ 400,193	33.1%
Revenue						
Significant items recorded in Canaccord Genuity						
Total revenue excluding significant items	300,036	191,547	56.6%	574,159	391,355	46.7%
Expenses						
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	639	579	10.4%	1,218	1,159	5.1%
Restructuring costs[2]	—	4,256	(100.0)%	1,316	4,704	(72.0)%
Acquisition related costs	—	—	—	1,173	—	n.m.
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	2,751	1,262	118.0%	5,607	2,586	116.8%
Restructuring costs[2]	—	2,000	(100.0)%	—	2,000	(100.0)%
Acquisition-related costs	—	4,364	(100.0)%	—	6,548	(100.0)%
Incentive based costs related to acquisition[3]	1,498	—	n.m.	3,041	—	n.m.
Significant items recorded in Corporate and Other						
Loss on extinguishment of convertible debentures	13,500	—	n.m.	13,500	—	n.m.
Total significant items	18,388	12,461	47.6%	25,855	16,997	52.1%
Total expenses excluding significant items	261,918	186,152	40.7%	506,692	383,196	32.2%
Net income before taxes – adjusted	$ 38,118	$ 5,395	n.m.	67,467	$ 8,159	n.m.
Income taxes – adjusted	9,251	1,847	n.m.	13,565	2,996	n.m.
Net income – adjusted	$ 28,867	$ 3,548	n.m.	$ 53,902	$ 5,163	n.m.
Net income (loss) attributable to common shareholders, adjusted	26,291	970	n.m.	47,942	343	n.m.
Earnings per common share – basic, adjusted	$ 0.27	$ 0.01	n.m.	$ 0.50	$ 0.00	n.m.
Earnings per common share – diluted, adjusted	$ 0.23	$ 0.01	n.m.	$ 0.41	$ 0.00	n.m.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.
(2) Restructuring costs for the six months ended September 30, 2018 were incurred in connection with our UK capital markets operations. Restructuring costs for the six months ended September 30, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in the UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.
(3) Incentive-based costs related to the acquisition of Hargreave Hale determined with reference to financial targets and other performance criteria.
n.m.: not meaningful

Foreign exchange

Revenues and expenses from our foreign operations are initially recorded in their respective functional currencies and translated into Canadian dollars at exchange rates prevailing during the period. The pound sterling appreciated against the Canadian dollar by approximately 3.9% in Q2/19 when compared to Q2/18, while the US dollar appreciated against the Canadian dollar by approximately 4.3%. For the six months ended September 30, 2018, the pound sterling appreciated against the Canadian dollar by approximately 2.9% and the US dollar depreciated slightly by 0.03% compared to the same period a year ago. This change in foreign exchange contributed to certain changes in revenue and expense items in Canadian dollars when compared to the applicable prior periods and should be considered when reviewing the following discussion in respect of our consolidated results as well as the discussion in respect of Canaccord Genuity and Canaccord Genuity Wealth Management UK & Europe.

Geographies

Commencing in Q3/17, the operating results of our Australian operations were disclosed as a separate geography. Prior to Q3/17 Australia was included as part of Other Foreign Locations. The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15.0% [prior to closing date of August 10, 2018 and year ended March 31, 2018 — 42%] has been recognized for accounting purposes since the closing date of August 10, 2018 of the Company's acquisition of an additional 30% interest.

Also, commencing in Q3/17, our Dubai operation, which was previously included in Other Foreign Locations, was included as part of Canaccord Genuity UK & Europe. The Other Foreign Locations geographic segment is now comprised of our Asian based operations, including our new Singapore operation that began in fiscal 2019, China and Hong Kong, and prior to their sale or closure also included our former operations in Barbados and our advisory and capital raising business in Singapore.

These reclassifications reflect the growing contributions from Australia and the working associations between the UK and Dubai. For purposes of the discussion provided herein the Canaccord Genuity operations in the UK, Europe and Dubai are referred to as the "UK".

Operating results of Hargreave Hale Limited ("Hargreave Hale") are included since the closing date of September 18, 2017 as part of Canaccord Genuity Wealth Management UK & Europe. Operating results of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") are included as part of Canaccord Genuity Canada since the closing date of June 6, 2018.

Goodwill

In determining whether to perform an impairment test, the Company considers factors such as its market capitalization, market conditions generally and overall economic conditions as well as market conditions in the key sectors in which the Company operates and the impact that such conditions are expected to have on the Company's operations. At September 30, 2018, no indicators of impairment were identified.

Notwithstanding this determination as of September 30, 2018, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes and the Company is unable to achieve its internal forecasts the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in future periods in respect of the Canaccord Genuity Wealth Management business units in the UK & Europe or in respect of the remaining goodwill recorded in Canaccord Genuity Canada. Adverse changes in the key assumptions utilized for purposes of impairment testing for goodwill and indefinite life intangible assets may result in the estimated recoverable amount of some or all of the applicable business units declining below the carrying value with the result that impairment charges may be required. The amount of any impairment charge would affect some or all of the amounts recorded for goodwill and indefinite life intangible assets. Any such impairment charges would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors. In addition, notwithstanding that there may be no change in the performance estimates used by the Company for purposes of determining whether there has been any impairment in its indefinite life intangible asset related to the Genuity brand name, in the event that the Company changes the way in which it uses that asset the Company may be required to record an impairment charge.

Revenue

Second quarter 2019 vs. second quarter 2018

On a consolidated basis, revenue is generated through six activities: commissions and fees associated with agency trading and private client wealth management activity, investment banking, advisory fees, principal trading, interest and other.

Revenue for the three months ended September 30, 2018 was $300.0 million, an increase of 56.6% or $108.5 million compared to the same period a year ago, across both our capital markets and wealth management operations. The Canaccord Genuity segment experienced an increase of $60.0 million or 50.4% in Q2/19 compared to the same quarter in the prior year. This increase was largely driven by higher investment banking and advisory revenue generated by our Canadian and US operations, offset by lower revenue generated by our UK operations. Further contributing to the increase in overall consolidated revenue was an increase of $46.6 million or 66.9% generated in our Canaccord Genuity Wealth Management segment during the three months ended September 30, 2018 compared to Q2/18, primarily due to the addition of Hargreave Hale in late Q2/18 and an increase in commission-based and investment banking revenue in our Canadian wealth management business.

As a result of an improvement in capital raising activity in our core focus areas, revenue in our Canaccord Genuity segment increased by 50.4% compared to Q2/18. Our Canadian operations experienced the most significant increase compared to Q2/18, with revenue increasing by $48.1 million or 167.0%, largely driven by an increase in investment banking and advisory fees revenue. Our Canadian operations continued to participate in numerous transactions in the cannabis sector contributing to higher investment banking and advisory fees revenue recorded in Q2/19 compared to the same period in the prior year. Our US operations generated $72.7 million of revenue in Q2/19, an increase of $26.6 million or 57.7% over Q2/18, largely due to higher investment banking revenue earned during the quarter. In Australia, revenue was consistent with Q2/18 at $9.5 million for the three months ended September 30, 2018. Offsetting these increases was a decrease in revenue of $15.1 million or 43.6% of revenue in our UK operations to $19.6 million in Q2/19, largely due to reduced investment banking and advisory activity during the current quarter.

Consistent with our strategic focus to strengthen contributions from our global wealth management operations, revenue from our wealth management business increased by $46.6 million or 66.9% compared to Q2/18. Revenue in our UK & Europe wealth management operations increased by $26.4 million or 70.6% compared to Q2/18, largely due to the additional revenue in Q2/19 from Hargreave Hale which was acquired at the end of Q2/18. Measured in local currency (GBP), revenue increased by £14.7 million or 64.1% compared to the same period in the prior year. Revenue from our North America wealth management operations also increased by $20.1 million or 62.7% compared to the three months ended September 30, 2017, driven by an increase in commissions and fees revenue, interest income related to client margin accounts and higher investment banking revenue resulting from active private client participation in new issue activity in our Canadian operations.

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by $43.3 million or 45.0%, to $139.4 million in Q2/19 compared to the same period a year ago. Commissions and fees revenue earned in connection with the Canaccord Genuity Wealth Management segment was $94.6 million, an increase of $34.5 million or 57.4% over Q2/18. As discussed above, the expansion of our wealth management operations through the acquisition of Hargreave Hale at the end of Q2/18 as well as increased activity in our Canadian wealth management operations were the primary reasons for the increase in commissions and fees revenue. The Canaccord Genuity segment experienced an increase of $8.8 million in commissions and fees revenue compared to the same quarter in the prior year as revenue increased across most of our operating regions, mainly due to increased trading activity by our institutional customers in our Canadian and US operations, as well as contributions from our acquisition of Jitneytrade completed in Q1/19.

As a result of an improved market environment which led to increased equity markets activities in Canada and the US, investment banking revenue increased by $34.1 million or 102.1% compared to the same period a year ago, to $67.4 million in Q2/19. Offsetting the increases in Canada and the US was a decrease of $4.8 million in our UK operations compared to the three months ended September 30, 2017 due to reduced financing activity in that region. Our Australian operations also experienced a small decrease of $0.4 million or 6.7% compared to Q2/18.

Advisory fees revenue was $44.4 million for Q2/19, an increase of $13.8 million or 45.1% from the same quarter a year ago. The largest increase was recorded in our Canadian operations, which generated advisory revenue of $25.9 million, a $17.8 million or 278.2% increase over Q2/18, due to the completion of a number of advisory mandates including a single large transaction. Our US operations also experienced an increase of $4.0 million or 54.0% in revenue compared to Q2/18. Our UK operations recorded a decrease of $9.4 million or 59.5% compared to Q2/18. The decrease was related to a lower number of advisory transactions closing in Q2/19 as well as Q2/18 being an exceptionally strong quarter in terms of advisory fees revenue.

Principal trading revenue was $28.9 million in Q2/19, representing a $6.1 million or 26.7% increase compared to Q2/18. Our Canadian and US operations reported increases of $2.3 million and $4.8 million, respectively, resulting from increased market activity compared to the same period in the prior year which led to increased trading volumes. Our UK capital markets operations experienced a decrease in principal trading revenue of $0.9 million compared to the same quarter in the prior year.

Interest revenue was $15.3 million for the three months ended September 30, 2018, representing an increase of $9.5 million from Q2/18, resulting from higher stock loan revenue recognized in Q2/19. In addition, client interest revenue also increased as a result of higher client margin account activity as well as an increase in interest rates compared to Q2/18. Other revenue was $4.5 million for Q2/19, an increase of $1.7 million from the same period a year ago, because of higher foreign exchange gains and increases in revenue from our correspondent brokerage services business.

Year-to-date fiscal 2019 vs. year-to-date fiscal 2018

Revenue for the six months ended September 30, 2018 was $574.2 million, an increase of 46.7% or $182.8 million compared to the same period a year ago. As noted above, as a result of increased activity in our focus sectors, revenue from our capital markets operations increased by $94.2 million or 39.2%, to $334.9 million for the six months ended September 30, 2018. Also contributing to the total revenue increase is our global wealth management operations, which generated $228.7 million on a year to date basis in fiscal 2019, representing an increase of $84.2 million or 58.3% compared to the same period in the prior year.

Commissions and fees revenue was $275.8 million, representing an increase of $74.7 million or 37.2% compared to the six months ended September 30, 2017, reflecting the growth in both our Canadian and UK & Europe wealth management operations.

Investment banking revenue increased by $60.9 million or 82.2% to $134.9 million, compared to $74.1 million in the same period a year ago. Because of improved financing activity by corporate issuers in our focus sectors in those regions, both our Canadian and US capital markets operations reported increases in investment banking revenue of $23.2 million or 80.0% and $32.0 million or 271.8%, respectively, during the six months ended September 30, 2018 compared to the same period in the prior year. Our Australian operations also reporter higher investment banking revenue, an increase of $6.6 million compared to the first six months of fiscal 2018. Partially offsetting these increases was a decrease of $9.6 million in our UK operations resulting from a decline in financing activity in that region.

Advisory fees revenue of $69.3 million represented an increase of 40.1% or $19.8 million compared to the same period in the prior year, primarily due to increases of $24.3 million in our Canadian capital markets operations and $6.1 million in our US operations, attributable to the completion of several large advisory mandates during the period. Partially offsetting these increases was a decrease of $10.1 million in advisory fee revenue in our UK capital markets operations compared to the same period in the prior year.

Revenue derived from principal trading was $59.9 million, an increase of $11.1 million or 22.8% compared to the six months ended September 30, 2017. Our US operations generated the largest increase in revenue of $8.4 million or 22.3% largely due to higher volatility in the market. Our Canadian operations also generated an increase of $2.2 million in revenue compared to the six months ended September 30, 2017.

Interest revenue increased by $13.6 million or 124.0% compared to the six months ended September 30, 2017 to $24.6 million on a year to date basis for fiscal 2019 mainly due to higher revenue earned from our Canadian capital markets and wealth management operations due to higher interest earned on client accounts and stock loan interest. Other revenue increased by $2.7 million to $9.7 million during the six months ended September 30, 2018 due to higher foreign exchange gains as well as an increase in revenue from our correspondent services business.

Expenses

Expenses for the three months ended September 30, 2018 were $280.3 million, an increase of 41.1% or $81.7 million from Q2/18. For the six months ended September 30, 2018 expenses were $532.5 million, an increase of 33.1% or $132.4 million compared to the same period of the prior year. Excluding significant items[1], total expenses as a percentage of revenue decreased by 9.9 percentage points for the three months ended September 30, 2018 and by 9.7 percentage points for the six months ended September 30, 2018. The decrease in total expenses as a percentage of revenue resulted from the increase in revenue as well as the fixed nature of certain overhead expenses.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended September 30		Quarter-over-quarter change	Six months ended September 30		YTD-over-YTD change
	2018	2017		**2018**	2017	
Incentive compensation	**50.5%**	52.9%	(2.4) p.p.	**50.4%**	53.0%	(2.6) p.p.
Salaries and benefits	**9.2%**	11.3%	(2.1) p.p.	**9.8%**	11.3%	(1.5) p.p.
Other overhead expenses[1]	**29.1%**	33.9%	(4.8) p.p.	**29.8%**	34.6%	(4.8) p.p.
Restructuring costs	**0.0%**	3.3%	(3.3) p.p.	**0.2%**	1.7%	(1.5) p.p.
Acquisition-related costs	**0.0%**	2.3%	(2.3) p.p.	**0.2%**	1.7%	(1.5) p.p.
Loss on extinguishment of convertible debentures	**4.5%**	—	4.5 p.p.	**2.4%**	—	2.4 p.p.
Share of loss of an associate	**0.1%**	—	0.1 p.p.	**0.0%**	—	0.0 p.p.
Total	**93.4%**	103.7%	(10.3) p.p.	**92.8%**	102.3%	(9.5) p.p.

(1) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization and development costs.
p.p.: percentage points

Compensation expense

Second quarter 2019 vs. second quarter 2018

Incentive compensation expense was $151.5 million, an increase of 49.6% or $50.2 million compared to Q2/18. Incentive compensation expense as a percentage of revenue was 50.5%, a decrease of 2.4 percentage points from the same period in the prior year. The decrease partially reflects the fact that the incentive compensation expense in Q2/18 included amortization of share-based awards made in prior periods under the Company's long-term incentive plan (the "LTIP" or the "Plan"). As discussed in our Annual Report for the year ended March 31, 2018, effective March 31, 2018, due to the change in certain employment-related conditions for the vesting of share awards (the "RSUs") for RSU awards made as part of the normal course incentive payment cycle, for accounting purposes, the RSUs granted as part of the normal course incentive payment cycle are expensed in the period in which those awards are deemed to be earned, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were determined and earned in respect of that fiscal year. As such, the incentive compensation expense for Q2/19 only includes the cost of any RSU awards earned during the current quarter, as well as amortization of any new hire or retention awards which continue to be amortized over the vesting period.

Salaries and benefits expense related to infrastructure and support groups in the current quarter increased by $5.9 million compared to Q2/18, to $27.6 million in Q2/19, largely due to additional costs resulting from expansion in our UK & Europe wealth management operations including the acquisition of Hargreave Hale in late Q2/18. Despite the increase in salaries and benefits expense, total compensation expense as a percentage of revenue decreased by 4.5% to 59.7% in Q2/19.

Year-to-date fiscal 2019 vs. year-to-date fiscal 2018

Incentive compensation expense was $289.2 million for the six months ended September 30, 2018, an increase of 39.3% from the same period in the prior year. Incentive compensation as a percentage of total revenue was 50.4%, a decrease of 2.7 percentage points over the same period in the prior year. LTIP amortization expense related to awards made in prior periods was reduced as a result of the change implemented in Q4/18 and contributed to a decrease in the incentive compensation ratio for the six months ended September 30, 2018 compared to the first six months of fiscal 2018.

Salaries and benefits expense of $56.2 million for the six months ended September 30, 2018 was $12.1 million or 27.5% higher than in the same period a year ago due to the expansion of our UK wealth management operations as discussed previously. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of consolidated revenue was 60.2%, a decrease of 4.1 percentage points from 64.3% in the same period a year ago.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

OTHER OVERHEAD EXPENSES

(C$ thousands, except % amounts)	Three months ended September 30 2018	2017	Quarter-over-quarter change	Six months ended September 30 2018	2017	YTD-over-YTD change
Trading costs	$ **22,462**	$ 14,008	60.4%	$ **40,962**	$ 31,260	31.0%
Premises and equipment	**10,230**	8,847	15.6%	**20,177**	18,956	6.4%
Communication and technology	**15,015**	14,163	6.0%	**30,201**	26,821	12.6%
Interest	**8,218**	3,731	120.3%	**13,812**	8,176	68.9%
General and administrative	**21,292**	17,468	21.9%	**44,976**	36,768	22.4%
Amortization(1)	**6,198**	5,148	20.4%	**12,836**	10,142	26.6%
Development costs	**4,053**	1,486	172.7%	**7,912**	2,965	166.8%
Total other overhead expenses	$ **87,468**	$ 64,851	34.9%	$ **170,876**	$ 135,088	26.5%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 15.

Second quarter 2019 vs. second quarter 2018

In order to support the higher headcount, increased capital markets activity and expansion of our wealth management business with the Hargreave Hale acquisition, all our overhead expenses experienced increases compared to the three months ended September 30, 2017.

Other overhead expenses were $87.5 million in Q2/19, an increase of $22.6 million or 34.9% compared to Q2/18. As a percentage of revenue, other overhead expenses decreased by 4.7 percentage points compared to Q2/18.

As a result of the additional headcount resulting from the acquisition of Hargreave Hale at the end of Q2/18, communication and technology expense in our UK & Europe wealth management operations increased by $1.8 million compared to Q2/18, partially offset by a reduction of $0.6 million in our Canadian capital markets operations. In addition, premises and equipment expense increased by $1.4 million in Q2/19 compared to the three months ended September 30, 2017, largely due to additional office space utilized in our expanded UK & Europe wealth management operations.

Higher trading costs in our Canadian and US capital markets operations was the primary reason for the $8.5 million increase in trading costs compared to Q2/18, in line with our increase in commissions and fees revenue. The completion of our acquisition of Jitneytrade in Q1/19 also contributed to higher trading costs recorded in our Canadian capital markets operations this quarter. Although generally in line with the increase in commissions and fees revenue, trading costs in the US are also impacted by the costs of ADR conversions and international settling and clearing costs which do not necessarily vary with revenue.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, increased by $3.8 million or 21.9% compared to Q2/18. The expansion of our UK wealth management operations from the acquisition of Hargreave Hale at the end of Q2/18 was a key driver of the increase in general and administrative expense. Our US and Canadian capital markets operations also reported increases of $0.8 million and $0.5 million, respectively, in Q2/19 compared to the three months ended September 30, 2017 largely due to additional costs in professional fees incurred to support the growth in these regions. The acquisition of Jitneytrade and Finlogik Inc. also contributed to the increase in general and administrative expense in our Canadian capital markets operations. Our Canadian wealth management operations reported an increase of $0.7 million or 38.3% in Q2/19 compared to the same period in the prior year as a result of higher transfer fees associated with new client accounts.

Interest expense increased by $4.5 million or 120.3% in Q2/19 compared to the three months ended September 30, 2017. In our Corporate & Other segment, interest expense increased by $3.2 million largely due to an acceleration of attributed interest expense related to the redemption of the unsecured senior subordinated debentures of $60.0 million issued in October 2016 during Q2/19. Interest expense in our Canadian wealth management operations also increased by $0.7 million compared to the same period in the prior year as a result of higher cash balances held in client accounts as well as increases in interest rates.

Development costs increased by $2.6 million or 172.7% in Q2/19 compared to the same period in the prior year largely due to the incentive-based costs related to the acquisition of Hargreave Hale. In addition, new hire incentive-based costs recorded by our Canadian wealth management business unit also contributed to the increase in development costs.

In Q2/18, $6.3 million was reported as restructuring costs in connection with staff reductions in our Canadian and US capital markets operations as well as costs associated with the rationalization of office space and other integration costs related to the acquisition of Hargreave Hale. There were no restructuring costs recorded during the same period in the current year.

The Company also recorded $4.4 million of acquisition-related costs in relation to the acquisition of Hargreave Hale during the three months ended September 30, 2017. There were no acquisition costs recorded in Q2/19.

Year-to-date fiscal 2019 vs. year-to-date fiscal 2018

Other overhead expenses for the six months ended September 30, 2018 increased by $35.8 million to $170.9 million, a 26.5% increase from the same period a year ago. As a percentage of revenue, other overhead expenses decreased by 4.8 percentage points compared to the six months ended September 30, 2017 as a result of an increase in revenue and the fixed nature of certain overhead expenses.

Trading costs increased by $9.7 million or 31.0% in the six months ended September 30, 2018 compared to the same period in the prior year primarily due to higher costs in our Canadian and US capital markets operations for reasons discussed above.

The acquisition of Hargreave Hale at the end of Q2/18 also contributed to increases in several overhead expenses, including a $1.2 million or 6.4% increase in premises and equipment expense due to additional office space and a $3.4 million or 12.6% increase in communication and technology expense resulting from a higher headcount.

Interest expense increased by $5.6 million or 68.9% compared to the six months ended September 30, 2017. Additional interest expense related to the redemption of the $60.0 million unsecured senior subordinated debentures issued in October 2016 contributed to an increase of $3.2 million in our Corporate & Other segment. In addition, interest expense also increased in our Canadian wealth management operations due to higher client interest resulting from higher cash balances held during the period as well as increases in interest rate.

General and administrative expense increased by $8.2 million or 22.3% for the six months ended September 30, 2018 compared to the same period in the prior year. Our Canadian wealth management operations reported an increase of $3.4 million compared to the same period in the prior year as a result of higher conference costs as well as transfer fees related to the addition of new clients in connection with new investment advisors hired during the current period. In addition, our Canadian capital markets operations also reported an increase of $1.5 million or 25.2%, mainly relating to higher promotion and travel and professional fees required to support the level of activity and headcount in this business unit.

The increase in amortization expense of $2.7 million or 26.6% related to the amortization in connection with our acquisitions of Hargreave Hale in Q2/18 as well as Jitneytrade and Finlogik Inc. in Q1/19.

Development costs increased by $4.9 million during the period compared to the six months ended September 30, 2017, mainly due to incentive-based costs across our Canadian and UK wealth management operations as discussed above.

There were $1.3 million of restructuring costs recorded in the six months ended September 30, 2018 in connection with our UK capital markets operations. There were $6.7 million of restructuring costs recorded during the first half of fiscal 2018 related to staff reductions in our US and Canadian capital markets operations, costs related to the closure of certain trading operations in Dublin, as well as costs associated with the rationalization of office space related to the acquisition of Hargreave Hale.

In connection with the acquisitions of Jitneytrade Inc. and Finlogik Inc., the Company incurred $1.2 million of acquisition-related costs during the six months ended September 30, 2018. The acquisition-related costs included professional and employment costs incurred during the period. In the same period in the prior year, the Company recorded $6.5 million of acquisition-related costs in relation to the acquisition of Hargreave Hale.

Net income (loss)

Second quarter 2019 vs. second quarter 2018

Net income for Q2/19 was $13.1 million compared to a net loss of $7.3 million in the same period a year ago. Diluted earnings per common share (diluted EPS) were $0.09 in Q2/19 compared to a loss per common share of $0.11 in Q2/18.

Excluding significant items[(1)], net income for Q2/19 was $28.9 million or net income attributable to common shareholders of $26.3 million compared to net income of $3.5 million or net income of $1.0 million attributable to common shareholders in Q2/18. Diluted EPS, excluding significant items[(1)] was $0.23 in Q2/19 compared to diluted EPS excluding significant items[(1)] of $0.01 in Q2/18.

The effective tax rate for Q2/18 was 33.5% compared to an effective tax rate of 2.7% in the same quarter last year. The difference in the effective tax recovery rate was mainly due to the non-recognition of certain deferred tax assets in our foreign operations in Q2/18.

Year-to-date fiscal 2019 vs. year-to-date fiscal 2018

Net income for the six months ended September 30, 2018 was $31.8 million compared to a net loss of $9.8 million for the same period a year ago, an increase of $41.6 million. Diluted EPS for the six-month period was $0.23 compared to a loss per common share of $0.16 for the same period a year ago.

Excluding significant items[(1)], net income for the six months ended September 30, 2018 was $53.9 million or net income of $47.9 million attributable to common shareholders compared to net income of $5.2 million or net income of $0.3 million attributable to common shareholders. Diluted EPS excluding significant items[(1)] were $0.41 for the six months ended September 30, 2018 compared to $0.00 in the same period a year ago.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

The effective tax rate for the six months ended September 30, 2018 was 23.6% compared to an effective tax rate of 11.1% in the same period in the prior year mainly due to the non-recognition of certain deferred tax assets in our foreign operations.

Results of Operations by Business Segment

CANACCORD GENUITY(1)(2)(6)

(C$ thousands, except number of employees and % amounts)	Three months ended September 30 2018	2017	Quarter-over-quarter change	Six months ended September 30 2018	2017	YTD-over-YTD change
Revenue	$ 178,734	$ 118,880	50.3%	$ 334,906	$ 240,666	39.2%
Expenses						
Incentive compensation	95,083	69,302	37.2%	181,067	142,091	27.4%
Salaries and benefits	5,801	6,124	(5.3)%	11,657	12,695	(8.2)%
Other overhead expenses	49,526	42,102	17.6%	96,968	87,156	11.3%
Acquisition-related costs	—	—	—	1,173	—	n.m.
Restructuring costs(3)	—	4,256	(100.0)%	1,316	4,704	(72.0)%
Total expenses	150,410	121,784	23.5%	292,181	246,646	18.5%
Intersegment allocations(4)	4,110	3,869	6.2%	8,415	8,183	2.8%
Income (loss) before income taxes(4)	$ 24,214	$ (6,773)	n.m.	$ 34,310	$ (14,163)	n.m.
Number of employees	770	738	4.3%			
Excluding significant items(5)						
Total expenses	$ 149,771	$ 116,949	28.1%	$ 288,474	$ 240,783	19.8%
Intersegment allocations(4)	4,110	3,869	6.2%	8,415	8,183	2.8%
Income (loss) before income taxes(4)	24,853	(1,938)	n.m.	38,017	(8,300)	n.m.

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest has been recognized for the three and six months ended September 30, 2018 [April 1, 2018 to August 9, 2018 — 42% and post-acquisition of an additional 30% interest in the Australian operations on August 10, 2018 — 15%; three and six months ended September 30, 2017 — 42%].
(3) Restructuring costs for the six months ended September 30, 2018 were incurred in connection with our UK capital markets operations. Restructuring costs for the six months ended September 30, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in the UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.
(4) Income (loss) before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 30.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 15.
(6) Operating results for Jitneytrade Inc. and Finlogik Inc. are included beginning June 6, 2018.
n.m.: not meaningful

Canaccord Genuity provides investment banking, research, and sales and trading services to corporate, institutional and government clients and it conducts principal trading activities in Canada, the US, the UK & Europe, and the Asia-Pacific region. Canaccord Genuity has offices in 20 cities in 9 countries worldwide.

Revenue from Canaccord Genuity is generated from commissions and advisory fees earned in connection with investment banking transactions and institutional sales and trading activity, as well as trading gains and losses from Canaccord Genuity's principal and international trading operations.

The operating results of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") beginning June 6, 2018 are included in the discussion below.

REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY REVENUE

	Three months ended September 30 2018	2017	Quarter-over-quarter change	Six months ended September 30 2018	2017	YTD-over-YTD change
Revenue generated in:						
Canada	43.1%	24.2%	18.9 p.p.	36.7%	26.3%	10.4 p.p.
UK	10.9%	29.2%	(18.3) p.p.	12.3%	25.5%	(13.2) p.p.
US	40.7%	38.8%	1.9 p.p.	44.5%	42.0%	2.5 p.p.
Australia	5.3%	7.8%	(2.5) p.p.	6.5%	6.2%	0.3 p.p.
Other Foreign Locations	0.0%	n.m.	0.0 p.p.	0.0%	n.m.	(0.0) p.p.
Canaccord Genuity (total)	100%	100%		100%	100%	

p.p.: percentage points
n.m.: not meaningful

Second quarter 2019 vs. second quarter 2018

Revenue
Canaccord Genuity generated revenue of $178.7 million in Q2/19, an increase of 50.4% or $59.9 million from the same quarter a year ago. Revenue increased most notably in our Canadian and US operations, which generated increases of $48.1 million or 167.0% and $26.6 million or 57.7%, respectively. In Canada, we continued to be active in numerous transactions in the cannabis sector, which led to increases in our investment banking and advisory fees revenue, including one large advisory transaciton in the current quarter, compared to the same period in the prior year. In addition, our commissions and fees revenue increased by $5.3 million compared to Q2/18, partially due to our acquisition of Jitneytrade completed in Q1/19. The increase in revenue from our US operations was largely driven by increased investment banking activity, completion of more advisory deals this quarter as well as continued strong performance by our International Equities Group. Revenue in our Australian operations remained consistent with Q2/18 at $9.5 million for the three months ended September 30, 2018. Partially offsetting these increases was a decrease in revenue of $15.1 million or 43.6% in our UK operations compared to Q2/18, largely due to slower investment banking and advisory activities during the current quarter.

Expenses
Expenses for Q2/19 were $150.4 million, an increase of 23.5% or $28.6 million compared to Q2/18. Total expenses as a percentage of revenue decreased by 18.3 percentage points compared to the same quarter in the prior year primarily as a result of the increased revenue in Q2/19 and the fixed nature of certain overhead expenses. Excluding significant items(1), total expenses as a percentage of revenue decreased by 14.6 percentage points from the same period a year ago.

Incentive compensation and salaries and benefits
Incentive compensation expense for Q2/19 increased by $25.8 million or 37.2% compared to Q2/18. Incentive compensation expense as a percentage of revenue was 53.2%, a decrease of 5.1 percentage points from Q2/18. As discussed previously, the decrease in total compensation ratio was partially due to lower share-based incentive compensation expense resulting from a change in the recognition of the expenses associated with awards made under our long-term incentive plan ("LTIP"). Prior to Q4/18, the incentive compensation expense included amortization of share-based awards made under the LTIP Plan awarded in both the current and prior periods. Effective March 31, 2018, due to the modification of certain employment-related conditions for the vesting of share awards (the "RSUs") for RSU awards made as part of the normal course incentive payment cycle, for accounting purposes, the RSUs granted as part of the normal course incentive payment cycle are expensed in the period in which those awards are deemed to be earned, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were determined and earned in respect of that fiscal year. As such, the incentive compensation expense for Q2/19 only included the costs of any RSU awards earned during the current quarter, as well as amortization of any new hire or retention awards which continue to be amortized over the vesting period.

Salaries and benefits expense decreased slightly by $0.3 million in Q2/19 compared to Q2/18. Total compensation expense as a percentage of revenue was 56.4%, 7.0 percentage points lower than in Q2/18.

In Canada, total compensation as a percentage of revenue decreased by 14.6 percentage points from Q2/18 to 48.0% in Q2/19, largely due to a lower fixed component of incentive compensation expense which does not vary with revenue resulting from the change in accounting for share-based compensation awards described above. Our US operations reported a decrease of 8.9 percentage points compared to Q2/18 due to higher revenue and a lower fixed component of incentive compensation expense. Because of the decrease in revenue and the fixed nature of certain components of production-based compensation, total compensation as a percentage of revenue in our UK operations increased by 23.5 percentage points to 86.1% in Q2/19 compared to the three months ended September 30, 2017. Our Australian segment also experienced an increase of 3.0 percentage points from Q2/18 due to certain fixed staff costs.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

CANACCORD GENUITY TOTAL COMPENSATION EXPENSE AS A PERCENTAGE OF REVENUE BY GEOGRAPHY

	Three months ended September 30		Quarter-over-quarter change	Six months ended September 30		YTD-over-YTD change
	2018	2017		**2018**	2017	
Canada	**48.0%**	62.6%	(14.6) p.p.	**49.7%**	59.3%	(9.6) p.p.
UK	**86.1%**	62.6%	23.5 p.p.	**80.0%**	70.0%	10.0 p.p.
US	**56.2%**	65.1%	(8.9) p.p.	**57.1%**	62.7%	(5.6) p.p.
Australia	**63.5%**	60.5%	3.0 p.p.	**60.5%**	70.7%	(10.2) p.p.
Other Foreign Locations	**n.m.**	n.m.	n.m.	**n.m.**	n.m.	n.m.
Canaccord Genuity (total)	**56.4%**	63.4%	(7.0) p.p.	**57.5%**	64.3%	(6.8) p.p.

p.p.: percentage points
n.m. not meaningful

Other overhead expenses

Total other overhead expenses excluding significant items[(1)] for Q2/19 were $48.9 million, an increase of 17.7% compared to Q2/18, with the most significant increases in trading costs and general and administrative expense.

Trading costs increased by $7.5 million or 66.3% compared to Q2/18 mainly due to higher costs in our Canadian and US operations, in line with the increase in commissions and fees revenue. The trading costs in our Canadian operations was also impacted by the acquisition of Jitneytrade which closed in Q1/19. In addition, there are other factors contributing to the increase in trading costs which do not vary with our revenue such as the ADR conversion costs and international settlement costs associated with international equities trading activity in our US operations.

General and administrative expense increased by $1.7 million compared to Q2/18, primarily in our Canadian and US operations to support the business growth in these regions.

There were restructuring costs recorded of $4.3 million during the three months ended September 30, 2017 related to the closing of certain trading operations in our UK capital markets operations, as well as staff reductions in our Canadian and US operations. There were no restructuring costs recorded in Q2/19.

Income (loss) before income taxes

Income before income taxes, including allocated overhead expenses, was $24.2 million in Q2/19 compared to a loss of $6.8 million in the same quarter a year ago. Excluding significant items[(1)], income before income taxes, including allocated overhead expenses, was $24.9 million in Q2/19 compared to a loss of $1.9 million in Q2/18. The increase in income before income taxes was primarily attributable to higher revenue earned in our Canadian and US operations during Q2/19.

Year-to-date fiscal 2019 vs. year-to-date fiscal 2018

Revenue

Revenue for Canaccord Genuity for the six months ended September 30, 2018 was $334.9 million, an increase of $94.2 million or 39.2% compared to the same period in the prior fiscal year. Revenue increased in all of our principal operations except for the UK, which reported a decrease of 32.7% compared to the six months ended September 30, 2017 due to slower investment banking activity. Our Canadian capital markets recorded the largest increase in revenue for the six months ended September 30, 2018, with a $59.6 million or 94.3% increase over the same period in the prior year. Most of the revenue increase was driven by higher banking and advisory activity. In Canada, we continued to participate in numerous transactions in the cannabis sector contributing to higher investment banking and advisory fees revenue during the first six months of fiscal 2019. In addition, as discussed above, partially as a result of the contributions from our acquisition of Jitneytrade completed in Q1/19, our commissions and fees revenue increased by $6.1 million compared to the same period in the prior year. Revenue in our US operations increased by $47.8 million or 47.2% over the first six months of fiscal 2018, largely driven by increased capital raising activity and completion of several advisory transactions during the quarter. In Australia, revenue increased by $7.0 million over the first six months of fiscal 2018 primarily attributable to higher investment banking activity.

Expenses

Expenses for the six months ended September 30, 2018 were $292.2 million, an increase of 18.5% or $45.5 million from the same period in the prior year. Excluding significant items[(1)], total expenses as a percentage of revenue decreased by 13.9 percentage points compared to the first six months of fiscal 2018 as a result of increased revenue and the fixed nature of certain expenses that do not vary with revenue.

Incentive compensation and salaries and benefits

Incentive compensation expense as a percentage of revenue decreased by 5.0 percentage points to 54.1% for the six months ended September 30, 2018. Total compensation as a percentage of revenue decreased from 64.3% for the six months ended September 30, 2017 to 57.5% in the current period, mainly due to an increase in revenue and a reduction in certain fixed compensation costs such as LTIP amortization as discussed above which do not vary with revenue levels.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

Other overhead expenses

Other overhead expenses excluding significant items[1] were $95.8 million for the six months ended September 30, 2018, an increase of 11.3% compared to the same period in the prior year, mainly attributable to increases in trading costs and general and administrative expense, and partially offset by decreases in amortization and communication and technology expense.

Consistent with the increase in commissions and fees revenue, trading costs increased by $9.2 million compared to the first six months of fiscal 2018. In addition, as discussed above, our trading costs were also affected by certain costs associated with our international equities trading activity in our US operations that do not vary with revenue.

General and administrative expense was $23.9 million for the first six months of fiscal 2019, an increase of $2.6 million or 12.4% compared to the same period in the prior year. The increase was mainly attributable to higher promotion and travel and professional fees to support the higher headcount and growth in our Canadian operations.

Income (loss) before income taxes

Income before income taxes for the six months ended September 30, 2018 was $34.3 million, compared to a loss before income taxes of $14.2 million in the same period a year ago. Excluding significant items[1], income before income taxes for the six months ended September 30, 2018 was $38.0 million, compared to a loss before income taxes of $8.3 million from the same period a year ago. The increase in pre-tax income excluding significant items[1] was attributable to higher revenue generated in our Canadian and US operating segments combined with fixed overhead costs that do not vary with revenue level.

CANACCORD GENUITY WEALTH MANAGEMENT

Revenue from Canaccord Genuity Wealth Management is generated through traditional commission-based brokerage services, the sale of fee-related products and services, margin interest, and commissions and fees earned from investment banking and venture capital transactions by private clients.

Prior year operating results of Hargreave Hale are included under Canaccord Genuity Wealth Management (UK & Europe) since the closing date of September 18, 2017.

CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA[1]

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended September 30 2018	Three months ended September 30 2017	Quarter-over-quarter change	Six months ended September 30 2018	Six months ended September 30 2017	YTD-over-YTD change
Revenue	**$ 52,199**	$ 32,081	62.7%	**$ 98,988**	$ 68,999	43.5%
Expenses						
Incentive compensation	**27,147**	16,361	65.9%	**50,527**	34,637	45.9%
Salaries and benefits	**3,017**	2,511	20.2%	**6,244**	5,306	17.7%
Other overhead expenses	**11,001**	8,359	31.6%	**22,982**	16,817	36.7%
Total expenses	**41,165**	27,231	51.2%	**79,753**	56,760	40.5%
Intersegment allocations[2]	**3,363**	3,776	(10.9)%	**6,406**	8,001	(19.9)%
Income before income taxes[2]	**$ 7,671**	$ 1,074	n.m.	**$ 12,829**	$ 4,238	202.7%
AUM – Canada (discretionary)[3]	**4,158**	2,688	54.7%			
AUA – Canada[4]	**19,746**	12,801	54.3%			
Number of Advisory Teams – Canada	**150**	134	11.9%			
Number of employees	**413**	353	17.0%			
Excluding significant items[5]						
Total expenses	**$ 41,165**	$ 27,231	51.2%	**$ 79,753**	$ 56,760	40.5%
Intersegment allocations[2]	**3,363**	3,776	(10.9)%	**6,406**	8,001	(19.9)%
Income before income taxes[2]	**7,671**	1,074	n.m.	**12,829**	4,238	202.7%

(1) Data is in accordance with IFRS except for AUM, AUA, number of Advisory Teams and number of employees. See Non-IFRS Measures on page 10.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 30.
(3) AUM in Canada are assets managed on a discretionary basis under our programs generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program*.
(4) AUA in Canada is the market value of client assets administered by the Company, from which the Company earns commissions and fees and includes AUM.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 15.
n.m.: not meaningful

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

Second quarter 2019 vs. second quarter 2018

Revenue from Canaccord Genuity Wealth Management North America was $52.2 million, an increase of $20.1 million or 62.7% compared to the three months ended September 30, 2017. The increase was driven by higher commissions and fees revenue, private client corporate finance activity as well as higher stock loan revenue and interest earned on margin accounts.

AUA in Canada increased by 54.3% to $19.7 billion at September 30, 2018 compared to $12.8 billion at September 30, 2017, reflecting the recruitment initiatives in this sector as well as higher market values year over year. There were 150 Advisory Teams in Canada, an increase of 16 from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue decreased by 8.6 percentage points compared to Q2/18 and accounted for 33.8% of the wealth management revenue in Canada during the second quarter of fiscal 2019. The decrease in fee-based revenue as a percentage of revenue was primarily a result of higher levels of transaction-based revenue recorded during the quarter.

Total expenses increased by $13.9 million or 51.2% in Q2/19 compared to Q2/18 to $41.2 million. As a result of the increase in revenue and the fixed nature of our overhead expense, total expenses as a percentage of revenue decreased by 6.0 percentage points from Q2/18.

Incentive compensation expense increased by $10.8 million compared to Q2/18, consistent with the increase in incentive-based revenue. Total compensation expense as a percentage of revenue decreased by 1.0 percentage point compared to Q2/18.

Other overhead expenses increased by 31.6% compared to Q2/18. The largest increases in expenses were in trading costs, interest expense, general and administrative expense and development costs. The increase in trading costs was in line with higher commissions and fees revenue recorded in Q2/19. Interest expense was higher compared to Q2/18 as a result of higher interest paid on client accounts resulting from higher interest rates and client cash and margin account balances in Q2/19 compared to the same period in the prior year. General and administrative expense increased by $0.7 million largely due to higher transfer fees associated with new client accounts.

Income before income taxes for Q2/19 was $7.7 million compared to income of $1.1 million reported in Q2/18 primarily due to the increase in revenue.

Year-to-date fiscal 2019 vs. year-to-date fiscal 2018

For the six months ended September 30, 2018, revenue from Canaccord Genuity Wealth Management North America was $99.0 million, an increase of $30.0 million or 43.5% from the same period in the prior year.

Expenses for the six months ended September 30, 2018 were $79.8 million, an increase of $23.0 million or 40.5% from the same period in the prior year mainly due to higher incentive compensation expense resulting from the increase in our incentive-based revenue. Salaries and benefits expense increased by $0.9 million compared to the six months ended September 30, 2017 as a result of higher headcount to support the growth in this business. Despite the increase in fixed staff costs, total compensation expense as a percentage of revenue decreased by 0.5 percentage point compared with the first six months of fiscal 2018 to 57.4%.

Non-compensation expense as a percentage of revenue decreased by 1.2% compared to the same period in the prior year, mainly due to the increase in revenue and the fixed nature of certain overhead expenses. General and administrative expenses increased by $3.4 million for the six months ended September 30, 2018, primarily due to higher conference expense as well as transfer fees associated with new client accounts. Interest expense also increased by $1.4 million as a result of higher interest rates compared to the same period in the prior year.

Income before income taxes for the six months ended September 30, 2018 was $12.8 million, compared to income before income taxes of $4.2 million for the same period a year ago mainly as a result of the net increase in revenue after variable costs.

CANACCORD GENUITY WEALTH MANAGEMENT UK & EUROPE[(1)(5)]

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended September 30 2018	2017	Quarter-over-quarter change	Six months ended September 30 2018	2017	YTD-over-YTD change
Revenue	$ 63,927	$ 37,482	70.6%	$ 129,714	$ 75,515	71.8%
Expenses						
Incentive compensation	24,373	13,890	75.5%	50,268	26,486	89.8%
Salaries and benefits	11,983	6,866	74.5%	24,030	13,245	81.4%
Other overhead expenses	18,549	10,202	81.8%	36,942	21,808	69.4%
Restructuring expense	—	2,000	(100.0)%	—	2,000	(100.0)%
Acquisition- related costs	—	4,364	(100.0)%	—	6,548	(100.0)%
Total expenses	54,905	37,322	47.1%	111,240	70,087	58.7%
Intersegment allocations(2)	308	315	(2.2)%	612	631	(3.0)%
Income (loss) before income taxes(2)	$ 8,714	$ (155)	n.m.	$ 17,862	$ 4,797	272.4%
AUM – UK and Europe(3)	45,230	40,797	10.9%			
Number of investment professionals and fund managers – UK and Europe	193	200	(3.5)%			
Number of employees	559	586	(4.6)%			
Excluding significant items(4)						
Total expenses	$ 50,656	$ 29,696	70.6%	$ 102,592	$ 58,953	74.0%
Intersegment allocations(2)	308	315	(2.2)%	612	631	(3.0)%
Income before income taxes(2)	12,963	7,471	73.5%	26,510	15,931	66.4%

(1) Data is in accordance with IFRS except for AUM, number of investment professionals and fund managers and number of employees. See Non-IFRS Measures on page 10.
(2) Income (loss) before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 30.
(3) AUM in the UK & Europe is the market value of client assets managed and administered by the Company, from which the Company earns commissions and fees. This measure includes both discretionary and non-discretionary accounts.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 15.
(5) Includes the operating results of Hargreave Hale since the closing date of September 18, 2017.
n.m. not meaningful

Second quarter 2019 vs. second quarter 2018

Revenue generated by our Canaccord Genuity Wealth Management UK & Europe operations is largely produced through fee-related accounts and portfolio management activities and, as such, is less sensitive to changes in market conditions. Revenue for Q2/19 was $63.9 million, an increase of $26.4 million or 70.6% from Q2/18. Measured in local currency (GBP), revenue increased by 64.1% compared to Q2/18, largely due to the inclusion of the operating results of Hargreave Hale for the full three months during Q2/19.

AUM in the UK & Europe as of September 30, 2018 was $45.2 billion, an increase of 10.9% or $4.4 billion compared to $40.8 billion as of September 30, 2017. Measured in local currency (GBP), AUA increased by 10.2% from £24.4 billion at Q2/18 to £26.9 billion at Q2/19.

The fee-related revenue in our UK & European wealth management operations accounted for 73.3% of total revenue in this region in Q2/19, consistent with the same quarter in the prior year. As discussed above, this business has a higher proportion of fee-related revenue and managed accounts compared to our Canadian wealth management business.

Incentive compensation expense was $24.4 million, an increase of $10.5 million compared to Q2/18, in line with the increase in incentive-based revenue. Salaries and benefits expense increased by $5.1 million compared to Q2/18 to $12.0 million in Q2/19 as a result of an increase in fixed staff costs to support the growth in this operation as well as the inclusion of the operating results of Hargreave Hale for the full quarter in Q2/19 compared to a partial quarter in Q2/18. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 1.5 percentage points from 55.4% in Q2/18 to 56.9% in Q2/19 mainly due to the increase in fixed staff costs.

Other overhead expenses as a percentage of revenue decreased by 15.2% compared to Q2/18, mainly due to the increase in revenue and the fixed nature of certain expenses. As the acquisition of Hargreave Hale was completed at the end of Q2/18, the full impact of the additional costs to support the expansion of the UK wealth management business was not reflected in Q2/18, which led to increases in many of our overhead expenses in Q2/19 compared to the same period in the prior year. Some of the larger variances include an increase of $1.8 million in communication and technology expense due to higher headcount from Hargreave Hale, as well as higher general and administrative expense to support the larger operations. In addition, amortization expense increased by $1.8 million as result of the amortization of intangible assets in relation to the acquisition of Hargreave Hale. Development costs also increased by $1.9 million, due to incentive-based costs associated with the acquisition of Hargreave Hale.

Income before income taxes was $8.7 million compared to a loss before income taxes of $0.2 million in the same period a year ago as a result of the acquisition-related costs and restructuring costs recorded in the same period in the prior year. Excluding significant items(1), which include amortization of intangible assets, restructuring expense, acquisition-related costs and incentive-based costs related to acquisition, net income before income taxes was $13.0 million, an increase of $5.5 million compared to Q2/18, reflecting the positive net contribution of our expansion in this business unit.

Year-to-date fiscal 2019 vs. year-to-date fiscal 2018

Revenue from Canaccord Genuity Wealth Management UK and Europe was $129.7 million for the six months ended September 30, 2018, an increase of $54.2 million or 71.8% from the same period in the prior year.

Expenses for the six months ended September 30, 2018 were $111.2 million, an increase of $41.2 million or 58.7% from the same period in the prior year, mainly due to the inclusion of the Hargreave Hale expenses for the full six months on a year to date basis during fiscal 2019 given that the acquisition closed at the end of Q2/18.

Incentive compensation expense increased by $23.8 million or 89.8% compared to the six months ended September 30, 2017, largely reflecting the 71.8% increase in revenue. Salaries and benefits increased by $10.8 million or 81.4% as a result of additional costs from our Hargreave Hale acquisition as discussed above. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 4.7 percentage point to 57.3% for the six months ended September 30, 2018 as a result of the higher fixed staff costs.

Total overhead expenses as a percentage of revenue decreased by 11.7% compared to the first half of fiscal 2018, largely due to the increase in revenue. Communication and technology expense and development costs recorded increases of $3.8 million and $3.7 million, respectively, compared to the same period in the prior year, due to the acquisition of Hargreave Hale as discussed above. Amortization expense also increased by $3.6 million or 91.2% attributable to the amortization of the intangible assets recognized through the Hargreave Hale acquisition.

There were restructuring and acquisition related costs of $2.0 million and $6.5 million associated with the acquisition recorded during the six months ended September 30, 2017. There were no such costs recorded during the current period.

Income before income taxes was $17.9 million compared to $4.8 million in the same period a year ago reflecting the full contribution of our expanded UK & Europe wealth management operations including Hargreave Hale for the full six months in the current period. Excluding significant items(1), net income before income taxes was $26.5 million, an increase of $10.6 million compared to the same period in the prior year.

CORPORATE AND OTHER(1)

(C$ thousands, except number of employees and % amounts)	Three months ended September 30 2018	Three months ended September 30 2017	Quarter-over-quarter change	Six months ended September 30 2018	Six months ended September 30 2017	YTD-over-YTD change
Revenue	**$ 5,176**	$ 3,104	66.8%	**$ 10,551**	$ 6,175	70.9%
Expenses						
Incentive compensation	**4,890**	1,717	184.8%	**7,377**	4,360	69.2%
Salaries and benefits	**6,797**	6,163	10.3%	**14,254**	12,825	11.1%
Other overhead expenses	**8,392**	4,188	100.4%	**13,984**	9,307	50.3%
Loss on extinguishment of convertible debentures	**13,500**	—	n.m.	**13,500**	—	n.m.
Share of loss of an associate	**247**	208	18.8%	**258**	208	24.0%
Total expenses	**33,826**	12,276	175.5%	**49,373**	26,700	84.9%
Intersegment allocations(2)	**(7,781)**	(7,960)	2.2%	**(15,433)**	(16,815)	8.2%
Loss before income taxes(2)	**$ (20,869)**	$ (1,212)	n.m.	**$ (23,389)**	$ (3,710)	n.m.
Number of employees	**294**	276	6.5%			
Excluding significant items(3)						
Total expenses	**$ 20,326**	$ 12,276	65.6%	**35,873**	$ 26,700	34.4%
Intersegment allocations(2)	**(7,781)**	(7,960)	2.2%	**(15,433)**	(16,815)	8.2%
Loss before income taxes(2)	**(7,369)**	(1,212)	n.m.	**(9,889)**	(3,710)	(166.5)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 10.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 30.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 15.
n.m.: not meaningful

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

This segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, and expenses not specifically allocable to either the Canaccord Genuity or Canaccord Genuity Wealth Management divisions. Also included in this segment are the Company's operations and support services, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, finance, and all administrative functions.

Second quarter 2019 vs. second quarter 2018

Revenue in the Corporate and Other segment for the three months ended September 30, 2018 was $5.2 million, an increase of $2.1 million from the same quarter a year ago resulting from an increase in interest revenue from higher cash balances held during the period and higher interest rates, foreign exchange gains as well as an increase in revenue from our Pinnacle correspondent services business.

Expenses for Q2/19 increased by $21.6 million or 175.5%, to $33.8 million compared to the three months ended September 30, 2017.

Incentive compensation expense increased by $3.2 million compared to Q2/18, driven by higher profitability of the Company. Salaries and benefits expense increased by $0.6 million compared to Q2/18 to $6.8 million for the three months ended September 30, 2018 attributable to the higher headcount.

As a result of the redemption of the $60.0 million unsecured senior subordinated convertible debentures (the "Debentures") issued in October 2016, during Q2/19, there was a loss of $13.5 million recognized on the extinguishment of the Debentures for accounting purposes. In addition, there was an acceleration of the attributed interest expense related to the redemption of the Debentures which was the main contributor to the increase in interest expense of $3.2 million compared to the same period in the prior year.

Overall, loss before income taxes was $20.9 million compared to a loss before income taxes of $1.2 million in the same period a year ago. Excluding significant items[(1)], loss before income taxes were $7.4 million for Q2/19 compared to $1.2 million in Q2/18.

Year-to-date fiscal 2019 vs. year-to-date fiscal 2018

Revenue was $10.6 million for the six months ended September 30, 2018, an increase of $4.4 million from the same period in the prior year partially primarily as a result of an increase in interest revenue resulting from an increase in interest rates and higher cash balances.

Expenses for the six months ended September 30, 2018 were $49.4 million, an increase of $22.7 million or 84.9% from the same period in the prior year. The overall increase in expenses was mainly attributable to the $13.5 million accounting loss on redemption of the Debentures as discussed above. In addition, incentive compensation expense increased by $3.0 million or 69.2% and salaries and benefits expense increased by $1.4 million or 11.1% compared to the six months ended September 30, 2017. The increase in compensation costs was in line with the higher profitability of the Company and the increased level of support required for our expanded operations in the capital markets and wealth managements segments.

Overall, the loss before income taxes, after intersegment allocations, was $23.4 million in the first half of fiscal 2019 compared to a loss before income taxes of $3.7 million in the same period a year ago. Excluding significant items[(1)], loss before income taxes was $9.9 million for the six months ended September 30, 2018 compared to $3.7 million in the same period in the prior year.

Quarterly Results

Our quarterly results are generally not significantly affected by seasonal factors. However, the Company's revenue and income can experience considerable variations from quarter to quarter and year to year due to factors beyond the Company's control. The business is affected by the overall condition of the global capital markets. The Company's revenue from an underwriting transaction is recorded only when the transaction has been substantially completed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity Group Inc.'s quarterly results.

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before September 30, 2018. This information is unaudited but reflects all adjustments of a recurring nature, which are, in the opinion of management,

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as indications of future performance.

(C$ thousands, except per share amounts)	Fiscal 2019		Fiscal 2018				Fiscal 2017	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue								
Canaccord Genuity	**$ 178,734**	$ 156,172	$ 200,687	$ 196,203	$ 118,880	$ 121,786	$ 193,520	$ 137,268
Canaccord Genuity Wealth Management:								
North America	**52,199**	46,789	51,455	48,428	32,081	36,918	40,268	32,819
UK & Europe	**63,927**	65,787	64,923	60,945	37,482	38,033	33,065	34,549
Corporate and Other	**5,176**	5,375	5,015	3,866	3,104	3,071	4,803	3,472
Total revenue	**300,036**	274,123	322,080	309,442	191,547	199,808	271,656	208,108
Net income (loss)	**$ 13,127**	$ 18,649	$ (9,703)	$ 36,598	$ (7,258)	$ (2,560)	$ 30,987	$ 4,544
Earnings (loss) per common share – basic	**$ 0.11**	$ 0.16	$ (0.15)	$ 0.35	$ (0.11)	$ (0.05)	$ 0.29	$ 0.01
Earnings (loss) per common share – diluted	**$ 0.09**	$ 0.14	$ (0.15)	$ 0.29	$ (0.11)	$ (0.05)	$ 0.26	$ 0.01
Net Income (loss), excluding significant items(1)	**$ 28,867**	$ 25,035	$ 37,312	$ 39,182	$ 3,548	$ 1,615	$ 32,740	$ 6,309
Earnings (loss) per common share, excluding significant items(1) – basic	**$ 0.27**	$ 0.23	$ 0.36	$ 0.38	$ 0.01	$ (0.01)	$ 0.31	$ 0.03
Earnings (loss) per common share, excluding significant items(1) – diluted	**$ 0.23**	$ 0.19	$ 0.28	$ 0.31	$ 0.01	$ (0.01)	$ 0.27	$ 0.03

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 10.

On a consolidated basis, revenue in Q2/19 was $300.0 million, an increase of 56.6% compared to Q2/18, marking it as the third highest quarter in terms of revenue in the past eight completed periods. Our revenue in the recent quarters have been positively impacted by the business growth in our wealth management operations as well as stronger activity levels in our capital markets operations. Our strategic shift to strengthen contributions from our global wealth management business has helped to stabilize our revenue levels and net income before income taxes.

As a result of improved market activity and the completion of certain large transactions in this quarters, the Canaccord Genuity (capital markets) division reported an increase in revenue of 50.3% compared to the same period a year ago, and 14.0% compared to the previous quarter. The increase in revenue in our main operating regions combined with lower fixed compensation and overhead costs led to a pre-tax profit excluding significant items[1] of $24.9 million in Q2/19, an improvement of 89% from the previous quarter.

In Canada, our participation in numerous investment banking and advisory transactions in the cannabis sector contributed to higher revenue in the last few quarters, with Q2/19 generating $77.0 million in revenue, a 167.0% increase compared to Q2/18. In addition, our commissions and fees revenue in Q2/19 also showed the positive impact of our acquisition of Jitneytrade that closed in Q1/19, with an increase of 54.0% over the same period in the prior year. Excluding significant items[1], the Canadian operations generated pre-tax income after allocated costs of $25.0 million, the highest in the past eight quarters.

Revenue in our US operations was $72.7 million in Q2/19, the second highest in the last eight completed quarters and a 5% decrease from the exceptionally strong quarter in Q1/19. With the efforts to focus on our core capabilities in fiscal 2018, our US operations have been reporting higher profitability since Q3/18. In particular, our investment banking revenue in Q2/19 and Q1/19 has been particularly strong at $20.2 million and $23.5 million, respectively.

Reduced market activity in our UK capital markets operations resulted in a decrease in revenue of 43.6% from Q2/18 and 10.2% from Q1/19 to $19.6 million in Q2/19. In an effort to adapt to the current market environment and reduce overhead costs, our UK operations incurred a restructuring charge of $1.3 million in Q1/19. In addition to lower financing activity, our UK operations were also impacted by timing delays in respect of completion of advisory transactions.

In Australia, revenue for Q2/19 was $9.5 million, a decrease of 23% from the previous quarter but consistent with the same period a year ago. Contributing to the revenue in this region, particularly in Q4/18 and Q3/18, were profits and gains recorded in certain inventory and warrant positions earned in respect of investment banking activity in the current and prior periods. Despite the decrease in revenue this quarter, our Australian operations continued to generate a positive contribution to the Company's overall profitability.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

Revenue in our Canaccord Genuity Wealth Management North America operations has grown as we continue to invest in that division, with an increase in revenue of 62.7% compared to a year ago to $52.2 million in Q2/19, the highest in the past eight completed quarters. Our commitment to recruitment efforts in Canada has resulted in an increase of 16 Investment Advisory teams compared to Q2/18, and AUA has increased by 54.3% year over year and 4.4% compared to the previous quarter. In addition to an increase in commission and fees revenue, revenue attributable to investment banking activity in this segment also increased significantly over the past few quarters, reflecting the increased private client participation in new issue activity in our Canadian operations because of the increased activity in companies in new and developing industry sectors such as cannabis. Pre-tax income including allocated costs was $7.7 million in Q2/19, a significant improvement compared to the pre-tax income of $1.1 million in Q2/18 and a 48.7% increase over the previous quarter.

The Canaccord Genuity Wealth Management UK & Europe operations continued to experience steady revenue growth after our expansion through the acquisition of Hargreave Hale in Q2/18. Measured in local currency, revenue increased by 64.1% over Q2/18 and remained consistent with Q1/19. At the end of Q2/19, fee-related revenue was at 73.3%, a 0.8 percentage point increase from Q2/18 and a 3.1% increase from the previous quarter. Assets under management for this group have also generally increased over the past eight completed financial quarters, reaching $45.2 billion as of the end of Q2/19. Pre-tax income including allocated costs have reached $13.0 million in the past two quarters, reflecting the strong contributions to the overall profitability of the group.

The movement in revenue in the Corporate and Other division was mainly due to foreign exchange gains or losses resulting from fluctuations in the Canadian dollar, as well as changes in business volume within the correspondent brokerage services operations.

Intersegment Allocated Costs

Included in the Corporate and Other segment are certain support services and other expenses that have been incurred to support the activities within the Canaccord Genuity and Canaccord Genuity Wealth Management segments in Canada. Certain trading, clearing and settlement charges are included as a trading cost in the applicable business units and as a trading cost recovery in Corporate and Other. In addition, certain overhead costs are charged by Canaccord Genuity UK & Europe to Canaccord Genuity Wealth Management UK & Europe and included in intersegment allocated costs for these business units.

Financial Condition

Below are specific changes in selected items on the Q2/19 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $897.3 million on September 30, 2018 compared to $862.8 million on March 31, 2018. Refer to the Liquidity and Capital Resources section on page 31 for more details.

Securities owned were $654.8 million on September 30, 2018 compared to $469.2 million on March 31, 2018 due mainly to an increase in corporate and government debt owned as of September 30, 2018.

Accounts receivable were $2.2 billion at September 30, 2018, no change from March 31, 2018.

Goodwill was $255.7 million and intangible assets were $147.6 million at September 30, 2018. At March 31, 2018, goodwill was $258.0 million and intangible assets were $160.8 million, representing the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc, and the wealth management businesses of Eden Financial Ltd., Hargreave Hale, and as of June 6, 2018, Jitneytrade.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $54.8 million at September 30, 2018 compared to $54.1 million at March 31, 2018. The increase was mainly due an increase in income tax receivable.

LIABILITIES

Bank overdrafts and call loan facilities utilized by the Company may vary significantly on a day-to-day basis and depend on securities trading activity. At September 30, 2018, the Company had available credit facilities with banks in Canada and the UK in the aggregate amount of $648.8 million [March 31, 2018 – $669.2 million].These credit facilities, consisting of call loans, subordinated debt, letters of credit and daylight overdraft facilities, are collateralized by either unpaid client securities and/or securities owned by the Company. As of September 30, 2018, the Company had $40.6 million bank indebtedness outstanding [March 31, 2018 – $nil].

Securities sold short were $409.6 million at September 30, 2018 compared to $301.0 million at March 31, 2018, mostly due to an increase in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $2.7 billion at September 30, 2018 compared to $2.6 billion at March 31, 2018 due to an increase in payables to clients.

Other liabilities, consisting of subordinated debt, income taxes payable and deferred tax liabilities were $23.7 million at September 30, 2018, a decrease from $29.1 million at March 31, 2018, mostly due to a decrease in deferred tax liabilities.

In connection with our acquisition of Hargreave Hale through a subsidiary of the Company, that subsidiary obtained a £40.0 million (C$62.8 million as of September 30, 2018 and C$72.5 million as of March 31, 2018) bank loan to finance a portion of the cash consideration. During the six months ended September 30, 2018, the Company made a repayment of £2.7 million ($4.5 million). The loan is repayable in instalments of principal and interest over the period ending in September 2021. The interest rate on this loan is LIBOR plus 2.125% per annum for Q2/19.

Also, in connection with the acquisition of Hargreave Hale, there were deferred and contingent consideration of $9.0 million and $46.3 million, respectively, recorded as of September 30, 2018 (March 31, 2018 — $10.0 million and $49.8 million, respectively). Refer to Note 12 of the Audited Annual Consolidated Financial Statements for further information on the purchase consideration for Hargreave Hale. In addition, in connection with the acquisition of Jitneytrade, a contingent consideration of $4.0 million and deferred consideration of $0.7 million were recorded as of September 30, 2018. There was also a promissory note of $5.6 million recorded as part of the consideration for the purchase of non-controlling interests in Canaccord Genuity (Australia) Limited during the six months ended September 30, 2018. Refer to Notes 8 and 9 of the interim condensed consolidated financial statements for the three and six months ended September 30, 2018 for further information on the purchase consideration for Jitneytrade and the non-controlling interests in Canaccord Genuity (Australia) Limited.

Off-Balance Sheet Arrangements

As of September 30, 2018, a subsidiary of the Company had an irrevocable secured standby letter of credit from a financial institution totalling $2.7 million (US$2.0 million) [March 31, 2018 – $2.7 million (US$2.0 million)] as a rent guarantee for its leased premises in New York.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of September 30, 2018, the Company had $40.6 million bank indebtedness outstanding [March 31, 2018 — $nil].

As discussed above, subsidiaries of the Company also have other credit facilities, such as call loans, letters of credit and overdraft facilities, with banks in Canada and the UK. The aggregate amount of other credit facilities available to the Company was $648.8 million as of September 30, 2018 [March 31, 2018 – $669.2 million]. As of September 30, 2018, there were no balances outstanding under these other credit facilities.

In the normal course of business, the Company enters into contracts that give rise to commitments of future minimum payments that affect its liquidity.

The following table summarizes the Company's long term contractual obligations on September 30, 2018:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2020	Fiscal 2021 – Fiscal 2022	Fiscal 2023 – Fiscal 2024	Thereafter
Premises and equipment operating leases	147,079	31,929	57,766	36,556	20,828
Bank loan(1)	61,494	10,485	51,009	—	—
Convertible debentures(2)	174,200	8,295	16,590	149,315	—
Total contractual obligations	382,773	50,709	125,365	185,871	20,828

(1) Bank loan consists of £40,000,000 credit facility obtained to finance a portion of the cash consideration for the acquisition of Hargreave Hale. The bank loan bears interest at LIBOR plus 2.125% per annum as of September 30, 2018 and is repayable in instalments of principal and interest over the period ending in September 2021. A principal repayment of £2,670,000 was made in September 2018.
(2) Convertible debentures consist of the unsecured senior subordinated convertible debentures (the "Debentures") issued in Q2/19. The Debentures bear interest at a rate of 6.25% per annum and mature on December 31, 2023. The Company, under certain circumstances, may redeem the Debentures on or after December 31, 2021.

Liquidity and Capital Resources

The Company has a capital structure comprised of the equity portion of the convertible debentures, preferred shares, common shares, warrants, contributed surplus, retained earnings (deficit) and accumulated other comprehensive income. On September 30, 2018, cash and cash equivalents were $897.3 million, an increase of $34.5 million from $862.8 million as of March 31, 2018. During the six months ended September 30, 2018, financing activities provided cash in the amount of $48.6 million, mainly due to proceeds from the issuance of convertible debentures and an increase in bank indebtedness, partially offset by purchases of common shares for LTIP and cash dividends paid on common and preferred shares. Investing activities used cash in the amount of $25.6 million mainly for the acquisition of Jitneytrade and purchase of the non-controlling interest in our Australian operations. Operating activities provided cash in the amount of $23.9 million, which was largely due to changes in non-cash working capital. A decrease in cash of $12.4 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the six months ended September 30, 2018, cash provided by financing activities increased by $20.4 million primarily due to an increase in bank indebtedness and proceeds from convertible debentures in the same period in the prior year, partially offset by additional cash used in the purchase of common shares for LTIP and cash dividends paid on common shares. Cash used in investing activities decreased by $34.4 million during the six months ended September 30, 2018 compared to the same prior in the prior year, mainly due to the acquisition of Hargreave Hale in the same period in the prior year, partially offset by the acquisition of Jitneytrade and the purchase of non-controlling interests in the current period. Changes in non-cash working capital balances led to an increase in cash provided by operating activities of $122.6 million. In addition, cash balances decreased by $8.2 million from the effects of foreign exchange translation on cash balances in Q2/19 compared to Q2/18. Overall, cash and cash equivalents increased by $354.2 million from $543.1 million at September 30, 2017 to $897.7 million at September 30, 2018.

The Company's business requires capital for operating and regulatory purposes. The majority of current assets reflected on the Company's audited consolidated statements of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable, and all are recorded at their fair value. Securities sold short are highly liquid securities. The fair value of these securities fluctuates daily as factors such as changes in market conditions, economic conditions and investor outlook affect market prices. Client receivables are secured by readily marketable securities and are reviewed daily for impairment in value and collectability. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal three-day settlement cycle (as of September 30, 2017, the North American markets moved to a two-day settlement cycle); collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts.

Convertible Debentures

On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of $59,225,000 (the "Offered Debentures"). The Company had also closed the concurrent non-brokered private placement with a large Canadian asset manager, for gross proceeds of $73,500,000, which together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of $132,725,000 (together with the Offered Debentures, the "Convertible Debentures"). The proceeds of the non-brokered private placement were used to repay the convertible debentures in the principal amount of $60,000,000 and a premium of $13,500,000 for a total of $73,500,000.

The Convertible Debentures bear interest at a rate of 6.25% per annum, payable semi-annually on the last day of December and June each year commencing December 31, 2018. The Convertible Debentures are convertible at the holder's option into common shares of the Company, at a conversion price of $10.00 per common share. The Convertible Debentures mature on December 31, 2023 and may be redeemed by the Company in certain circumstances, on or after December 31, 2021.

Outstanding Share Data

	Outstanding shares as of September 30	
	2018	2017
Preferred shares		
Series A – issued shares outstanding	**4,540,000**	4,540,000
Series C – issued shares outstanding	**4,000,000**	4,000,000
Common shares		
Issued shares excluding unvested shares(1)	**97,054,605**	91,601,711
Issued shares outstanding(2)	**115,706,975**	113,511,468
Issued shares outstanding – diluted(3)	**137,741,166**	124,140,755
Average shares outstanding – basic	**95,590,153**	92,797,346
Average shares outstanding – diluted	**114,092,501**	n/a
Average shares outstanding – diluted, excluding significant items(3)(4)	**127,365,001**	n/a

(1) Excludes 136,483 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 18,515,887 unvested shares purchased by employee benefit trusts for the LTIP.
(2) Includes 136,483 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 18,515,887 unvested shares purchased by employee benefit trusts for the LTIP.
(3) Includes 22,034,191 share issuance commitments net of forfeitures.
(4) See Non-IFRS Measures on page 10. This is the diluted share number used to calculate diluted EPS on an excluding significant items basis.

On August 10, 2018, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,677,589 of its common shares during the period from August 15, 2018 to August 14, 2019 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the six months ended September 30, 2018, there were 152,200 shares purchases and cancelled under the NCIB which commenced August 15, 2017 and ended on August 14, 2018, as well as 26,700 shares that were purchased and cancelled under the current NCIB.

The Company has entered into a predefined plan with a designated broker to allow for the repurchase of its common shares under this NCIB. The Company's broker may repurchase the common shares under the plan on any trading day during the NCIB, including at any time during the

Company's internal trading blackout periods. The plan has been reviewed by the TSX and will terminate on the earlier of the termination of the plan by the Company in accordance with its terms and the expiry of the NCIB.

The ability to make purchases under the current NCIB commenced on August 15, 2018 and will continue for one year (to August 14, 2019) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX, the daily purchases are limited to 60,212 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX (ADTV) in the six calendar months from February 2018 to July 2018 (25% of the ADTV of 240,851)).

As of October 31, 2018, the Company has 115,706,975 common shares issued and outstanding.

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2018 Annual Report except as follows:

PERFORMANCE STOCK OPTIONS

On June 1, 2018, the Company created a performance share option ("PSO") plan that was approved at the Company's Annual General Meeting held on August 2, 2018. On June 14, 2018, the Company granted 5,620,000 options under the PSO plan. The options have an exercise price of $6.73 per share. In addition, the Company granted 600,000 options on August 16, 2018 with an exercise price of $7.067. The PSOs have a term of five years and will time-vest ratably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). The PSOs will expire on June 14, 2023.

Financial Instruments

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. On September 30, 2018, forward contracts outstanding to sell US dollars had a notional amount of US$54.9 million, an increase of US $49.0 million compared to September 30, 2017. Forward contracts outstanding to buy US dollars had a notional amount of US $0.5 million, a decrease of US $0.2 million from September 30, 2017. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in the local currency.

These contracts were entered into in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default.

FUTURES

The Company's Canadian operations are involved in trading various futures contracts, in an attempt to mitigate market risk, interest rate risk, yield curve risk and liquidity risk. Futures contracts are agreements to buy or sell a standardized amount of an underlying asset, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations have traditionally engaged in the trading of Canadian & US Government bond futures contracts to mitigate its risk. The Company's Canadian operations also began trading other types of futures contracts, including but not limited to, index futures and commodity futures.

At September 30, 2018, the notional amount of the Canadian bond futures contracts outstanding was long $14.6 million [March 31, 2018 – long $0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. The notional amount of the US bond futures contracts outstanding was long $8.0 million (US$6.2 million) [March 31, 2018 – nil].

The fair value of all of the above futures contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income (loss) during the reporting period.

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) entities that are controlled or significantly influenced by the Company, and (b) key management personnel, who are comprised of the directors of the Company, as well as executives involved in strategic decision-making for the Company. A list of the Company's principal trading subsidiaries and principal intermediate holding companies is disclosed in Note 22 of Audited Annual Consolidated Financial Statements.

Security trades executed for employees, officers and directors of the Company are transacted in accordance with terms and conditions applicable to all clients. Commission income on such transactions in the aggregate is not material in relation to the overall operations of the Company.

The Company offers various share-based payment plans to its key management personnel, including common share purchase loans, a long-term incentive plan, and a PSO plan. Directors have the right to acquire deferred share units (DSUs).

Accounts receivable and accounts payable and accrued liabilities include the following balances with key management personnel:

(C$ thousands)	September 30, 2018	March 31, 2017
Accounts Receivable	$ 1,687	$ 584
Accounts payable and accrued liabilities	1,636	213

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the three- and six months ended September 30, 2018 have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

The preparation of the unaudited interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include, revenue recognition, share-based payments, income taxes, valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Hargreave Hale and Jitneytrade.

In particular, the assessment for impairment of goodwill and identifiable indefinite life intangible assets requires management's best estimates in order to determine fair values using discounted cash flow projections that employ the following key assumptions: future cash flows, growth projections and discount rates. Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. At September 30, 2018 no indicators of impairment were identified.

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the first quarter of fiscal 2019 and are discussed under "Critical Accounting Policies and Estimates" in our 2018 Annual Report.

Changes in Accounting Policies

The accounting policies applied in the preparation of the Q2/19 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the Audited Annual Consolidated Financial Statements except for the following new accounting standards adopted as of April 1, 2018:

IFRS 9, "Financial Instruments" ("IFRS 9")

On April 1, 2018, the Company adopted IFRS 9 which replaces IAS 39 – Financial Instruments: Recognition and Measurement. The Company adopted the standard using the modified retrospective approach. The adoption of IFRS 9 did not have a significant effect on the Company's measurement of financial assets and liabilities.

The following summarizes the impact of IFRS 9 on the unaudited interim condensed consolidated financial statements for the three- and six months ended September 30, 2018:

<u>Classification – financial assets and liabilities</u>

IFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

On initial recognition, financial assets are classified as instruments measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification is based on two criteria: the Company's business approach for managing the financial assets; and whether the instruments' contractual cash flows result in cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion). The business approach considers whether the Company's objective is to receive cash flows from holding the financial assets, from selling the assets or a combination of both.

- Amortized costs – A financial asset is measured at amortized cost if it is held within a business model that has an objective to hold financial assets to collect contractual cash flows; and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Items included in this category include cash and cash equivalents and accounts receivable.
- FVOCI – A financial asset is classified as FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset result in cash flows that are SPPI. Included in the FVOCI category is our investment in Euroclear, which was previously classified as available for sale under IAS 39. There are no other financial assets classified as FVOCI.
- All other financial assets are measured at FVTPL and consist of marketable securities owned and sold short.

Impairment – financial assets

The adoption of IFRS 9 changed the Company's accounting for impairment loss for financial assets by replacing IAS 39's incurred loss approach with a forward- – looking expected credit loss approach ("ECL)". Under the ECL model, the Company has to record an allowance for ECL either based on a 12-month ECL or on a lifetime ECL. ECLs are recognized on the following basis:

– A maximum 12-month allowance for ECL is recognized from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.

– A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments' initial recognition, reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.

– A lifetime ECL is recognized for credit impaired financial instruments.

IFRS 9 also provides a simplified approach to ECLs for trade receivables that is based on a provision matrix concept which utilizes an entity's historic loss experience by age banding, adjusted for forward looking estimates as applicable.

The Company's accounts receivable are classified as financial assets measured at amortized costs, and are subject to the new ECL model. Accounts receivable include trade receivables from clients and brokers and dealers. All our corporate finance and client receivables have a maturity of less than 12 months from initial recognition, therefore the allowance is limited to 12-month ECLs. The Company established a provision matrix that is based on its historical credit loss experience adjusted for forward-looking factors as appropriate. The impact of the provision is not considered to have a significant impact to our interim consolidated financial statements for the six months ended September 30, 2018.

Hedge accounting requirement

IFRS 9 offers greater flexibility to the types of transactions eligible for hedge accounting. As the Company does not apply hedge accounting under IAS 39 and IFRS 9, the adoption of IFRS 9 does not have any material impact on our unaudited interim condensed consolidated financial statements for the six months ended September 30, 2018.

IFRS 15, "Revenue from Contracts with Customers"

On April 1, 2018, the Company adopted IFRS 15 using the modified retrospective approach. IFRS 15 replaces IAS 18 "Revenue" and establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Under IFRS 15, the initial steps in revenue recognition are to identify the appropriate contracts with customers and define the performance obligations in the contracts. Revenue is recognized when the performance obligations are satisfied – when "control" of goods or services transfers to the customers. IFRS 15 also requires the transaction price to be allocated to each separate performance obligation in proportion to stand-alone selling prices. In addition, variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The impact on adoption of IFRS 15 on the Company's standard revenue contracts are as follows:

– Commissions and fees – Commission and fees revenue consists of revenue generated through commission-based brokerage services and the sale of fee-based products and services. As discussed above, IFRS 15 requires entities to recognize revenue when "control" of goods or services transfers to the customers whereas IAS 18 required entities to recognize revenue when the "risk and rewards" of the goods or services are transferred to the customers. The performance obligation for the recognition of commission and fees revenue is satisfied through the settlement of trades for clients. There is no material change in the amount or timing of revenue recognized under IFRS 15 compared to IAS 18 as the point of transfer of risk and reward for services and transfer of control occur at the same time.

– Investment banking – Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. There is no material impact on the recognition of investment banking revenue under IFRS 15 compared to IAS 18. Under IAS 18, revenue was recognized upon closing of the underwriting mandate, which also represents completion of the performance obligation under IFRS 15.

– Advisory fees – Advisory fees consist of management and advisory fees, including fees from mergers and acquisition activities. The performance obligation for recognition of advisory fees revenue is met when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable. In certain cases, some fees are collected based on progress and do not correspond to the satisfaction of any discrete performance obligation. Under IFRS 15, such payments may need to be deferred or recognized on an amortized basis until the performance obligation is satisfied. The impact of this change on the opening retained earnings as of April 1, 2018 and for the six months ended September 30, 2018 is insignificant.

The following revenue types are excluded from the scope of IFRS 15: Principal trading revenue which consists of revenue earned in connection with principal trading operations, interest revenue, as well as other revenue consisting of foreign exchange gains or losses and revenue earned from our correspondent brokerage services.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2018 Annual Report, during the six months ended September 30, 2018 except for the adoption of IFRS 15 and IFRS 9 as of April 1, 2018 as discussed above.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of September 30, 2018, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that our disclosure controls and procedures were effective as at September 30, 2018.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes made in our internal control over financial reporting that occurred during the quarter ended September 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Dividend Policy

Although dividends are expected to be declared and paid quarterly, the Board of Directors, in its sole discretion, will determine the amount and timing of any dividends. All dividend payments will depend on general business conditions, the Company's financial condition, results of operations, capital requirements and such other factors as the Board determines to be relevant.

Dividend Declaration

On November 13, 2018, the Board of Directors approved a dividend of $0.01 per common share, payable on December 10, 2018, with a record date of November 30, 2018.

On November 13, 2018, the Board of Directors approved a cash dividend of $0.24281 per Series A Preferred Share payable on December 31, 2018 to Series A Preferred shareholders of record as at December 14, 2018.

On November 13, 2018, the Board of Directors approved a cash dividend of $0.31206 per Series C Preferred Share payable on December 31, 2018 to Series C Preferred shareholders of record as at December 14, 2018.

Risks

The Company's ability to maintain and successfully execute its business strategy depends upon the personal reputation, judgment, business generation capabilities and project execution skills of its senior professionals. Any management disruption could result in a loss of clients and customers, or revenues from clients and customers, and could significantly affect the Company's business and results of operations.

The securities industry and the Company's activities are by their very nature subject to a number of inherent risks. Economic conditions, competition and market factors such as volatility in the Canadian and international markets, interest rates, commodity prices, market prices, trading volumes and liquidity will have a significant impact on the Company's profitability. An investment in the common or preferred shares of the Company involves a number of risks, including market, liquidity, credit, operational, legal, cyber and regulatory risks, which could be substantial and are inherent in the Company's business. The Company is also directly exposed to market price risk, liquidity risk and volatility risk as a result of its principal trading activities in equity securities and to interest rate risk and credit spread risk as a result of its principal trading in fixed income securities. In addition, the Company's operations in the UK are exposed to market risk and volatility risk associated with the UK's decision to depart from the EU, referred to as "Brexit". Canaccord Genuity Wealth Management revenue is dependent on both trading volumes and asset values and, as such, is dependent on the level of market activity, investor confidence and the level of market prices. Canaccord Genuity's revenue is dependent on financing activity by corporate issuers, participation in advisory engagements, the success of its market making and principal trading, as well as the willingness of institutional clients to actively trade and participate in capital markets transactions. There may also be a lag between market fluctuations, changes in business conditions and the level of the Company's market activity and the impact that these factors have on the Company's operating results and financial position.

The financial services business is subject to extensive regulation in Canada, the US, the UK & Europe, Hong Kong, Australia and elsewhere. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation and change. Changing regulations and interpretations could have a significant impact on the Company's business and profitability. The Company has a capital management framework to maintain the level of capital that will meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators, to fund current and future operations, to ensure that the firm is able to meet its financial obligations as they come due, and to support the creation of shareholder value. The regulatory bodies that govern the Company's subsidiaries' use of regulatory capital are listed in Note 24 of the Company's 2018 Audited Annual Consolidated Financial Statements.

The Company and its affiliates provide financial advisory, underwriting and other services to, and trade the securities of issuers that are involved with new and emerging industries, including the cannabis industry. Activities within such industries, including the cannabis industry, typically have not had the benefit of a history of successful operating results. In addition to the economic uncertainties associated with new industries, new activities and new issuers, the laws applicable to such industries or activities, particularly the cannabis industry and the activities of issuers in that industry, and the effect or enforcement of such laws are undetermined, conflicting and uncertain. With respect to the US cannabis industry, cannabis continues to be a controlled substance under the United States Controlled Substances Act and as such, there is a risk that certain issuers, while in compliance with applicable state law, may be prosecuted under federal law. Accordingly, the Company has adopted policies and procedures reasonably designed to ensure compliance with the United States Currency and Foreign Transactions Reporting Act of 1970 (the "Bank Secrecy Act") and the guidance issued by the United States Department of the Treasury Financial Crimes Enforcement Network, FIN-2014-G001 (the "FinCEN Guidance") relating to providing financial services to marijuana related businesses in the United States (as that term is used in the FinCEN Guidance). While the Company takes steps to identify the risks associated with emerging industries, including the US cannabis industry, and only provides services to those issuers where it determines that there is no material risk to the Company or where any risk is unlikely to result in a material adverse consequence to the Company, there is a risk that the Company could be the subject of third party proceedings which may have a material adverse effect on the Company business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. The Company has determined that any such proceedings are unlikely and, accordingly, has not recorded a provision in respect of such matters.

Further discussion regarding risks can be found in our Annual Information Form.

Additional Information

A comprehensive discussion of the Company's business, strategies, objectives and risks is available in our Annual Information Form and in the Management's Discussion and Analysis and Audited Annual Consolidated Financial Statements included in our 2018 Annual Report, which are available on our website at *www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx* and on SEDAR at *www.sedar.com*.

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	September 30, 2018	March 31, 2018
ASSETS			
Current			
Cash and cash equivalents		$ 897,276	$ 862,838
Securities owned	4	654,784	469,217
Accounts receivable	6, 19	2,209,995	2,215,837
Income taxes receivable		5,697	1,170
Total current assets		3,767,752	3,549,062
Deferred tax assets		20,802	19,941
Investment	7	2,278	2,035
Equipment and leasehold improvements		26,014	30,967
Intangible assets	10	147,592	160,757
Goodwill	10	255,693	257,974
		$ 4,220,131	$ 4,020,736
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank Indebtedness	5	$ 40,635	$ —
Securities sold short	4	409,623	301,006
Accounts payable and accrued liabilities	6, 19	2,685,652	2,638,954
Provisions	21	6,185	8,428
Income taxes payable		4,344	7,851
Subordinated debt	12	7,500	7,500
Current portion of bank loan	13	8,982	9,679
Total current liabilities		3,162,921	2,973,418
Deferred tax liabilities		11,848	13,715
Convertible debentures	14	126,707	57,081
Deferred consideration	5, 8	9,743	9,997
Contingent consideration	5, 8	50,258	49,844
Promissory note	5, 9	5,594	—
Bank loan	13	53,003	61,758
		3,420,074	3,165,813
Shareholders' equity			
Preferred shares	15	205,641	205,641
Common shares	16	669,608	649,846
Equity portion of convertible debentures	14	5,156	2,604
Warrants	16	1,975	1,975
Contributed surplus		96,166	145,426
Retained deficit		(265,931)	(277,472)
Accumulated other comprehensive income		85,438	113,332
Total shareholders' equity		798,053	841,352
Non-controlling interests		2,004	13,571
Total equity		800,057	854,923
		$ 4,220,131	$ 4,020,736

See accompanying notes

On behalf of the Board:

"*Daniel Daviau*"

DANIEL DAVIAU
Director

"*Terrence A. Lyons*"

TERRENCE A. LYONS
Director

Unaudited Interim Condensed Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)	Notes	For the three months ended September 30, 2018	For the three months ended September 30, 2017	For the six months ended September 30, 2018	For the six months ended September 30, 2017
REVENUE					
Commissions and fees		$ 139,402	$ 96,125	$ 275,782	$ 201,080
Investment banking		67,426	33,356	134,947	74,052
Advisory fees		44,396	30,589	69,310	49,485
Principal trading		28,949	22,849	59,857	48,736
Interest		15,326	5,793	24,572	10,969
Other		4,537	2,835	9,691	7,033
		300,036	191,547	574,159	391,355
EXPENSES					
Incentive compensation		151,493	101,270	289,239	207,574
Salaries and benefits		27,598	21,664	56,185	44,071
Trading costs		22,462	14,008	40,962	31,260
Premises and equipment		10,230	8,847	20,177	18,956
Communication and technology		15,015	14,163	30,201	26,821
Interest		8,218	3,731	13,812	8,176
General and administrative		21,292	17,468	44,976	36,768
Amortization		6,198	5,148	12,836	10,142
Development costs		4,053	1,486	7,912	2,965
Restructuring costs	21	—	6,256	1,316	6,704
Acquisition-related costs		—	4,364	1,173	6,548
Loss on extinguishment of convertible debentures	14	13,500	—	13,500	—
Share of loss of an associate	7	247	208	258	208
		$ 280,306	$ 198,613	$ 532,547	$ 400,193
Net income (loss) before income taxes		19,730	(7,066)	41,612	(8,838)
Income taxes (recovery)					
Current		10,792	122	13,275	1,600
Deferred		(4,189)	70	(3,439)	(620)
	11	6,603	192	9,836	980
Net income (loss) for the period		$ 13,127	$ (7,258)	$ 31,776	$ (9,818)
Net income (loss) attributable to:					
CGGI shareholders		$ 12,902	$ (7,485)	$ 30,518	$ (9,747)
Non-controlling interests		$ 225	$ 227	$ 1,258	$ (71)
Weighted average number of common shares outstanding (thousands)					
Basic		96,583	92,529	95,590	92,797
Diluted		115,861	n/a	114,093	n/a
Net income (loss) per common share					
Basic	16	$ 0.11	$ (0.11)	$ 0.27	$ (0.16)
Diluted	16	$ 0.09	$ (0.11)	$ 0.23	$ (0.16)
Dividend per common share	17	$ 0.01	$ 0.01	$ 0.02	$ 0.02
Dividend per Series A Preferred Share	17	$ 0.24	$ 0.24	$ 0.48	$ 0.48
Dividend per Series C Preferred Share	17	$ 0.31	$ 0.31	$ 0.62	$ 0.62

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

(in thousands of Canadian dollars)	For the three months ended September 30, 2018	For the three months ended September 30, 2017	For the six months ended September 30, 2018	For the six months ended September 30, 2017
Net income (loss) for the period	**$ 13,127**	$ (7,258)	**$ 31,776**	$ (9,818)
Other comprehensive income (loss)				
Net change in unrealized losses on translation of foreign operations	**(14,352)**	(16,990)	**(27,244)**	(16,685)
Comprehensive income (loss) for the period	**$ (1,225)**	$ (24,248)	**$ 4,532**	$ (26,503)
Comprehensive income (loss) attributable to:				
CGGI shareholders	**$ (1,145)**	$ (24,786)	**$ 2,624**	$ (27,274)
Non-controlling interests	**$ (80)**	$ 538	**$ 1,908**	$ 771

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended (in thousands of Canadian dollars)	Notes	September 30, 2018	September 30, 2017
Preferred shares, opening and closing	15	$ 205,641	$ 205,641
Common shares, opening		649,846	641,449
Shares issued in connection with share-based payments		233	—
Acquisition of common shares for long-term incentive plan (LTIP)		(28,543)	(24,399)
Release of vested common shares from employee benefit trust		32,344	24,827
Shares issued in connection with purchase of non-controlling interests	9	16,807	—
Shares cancelled		(1,222)	—
Net unvested share purchase loans		143	(121)
Common shares, closing	16	669,608	641,756
Warrants, opening and closing	16	1,975	1,975
Convertible debentures – equity, opening	14	2,604	2,604
Equity portion of convertible debentures issued during the period, net of tax	14	2,552	—
Convertible debentures – equity, closing		5,156	2,604
Contributed surplus, opening		145,426	85,405
Share-based payments		(22,042)	(1,825)
Shares cancelled		(34)	—
Purchase of non-controlling interests	9	(27,315)	—
Change in deferred tax asset relating to share based payments		84	—
Unvested share purchase loans		47	715
Contributed surplus, closing		96,166	84,295
Retained deficit, opening		(277,472)	(267,559)
Net income (loss) attributable to CGGI shareholders		30,518	(9,747)
Preferred shares dividends	17	(4,701)	(4,890)
Common shares dividends	17	(14,276)	(11,434)
Retained deficit, closing		(265,931)	(293,630)
Accumulated other comprehensive income, opening		113,332	95,270
Other comprehensive loss attributable to CGGI shareholders		(27,894)	(17,527)
Accumulated other comprehensive income, closing		85,438	77,743
Total shareholders' equity		798,053	720,384
Non-controlling interests, opening		13,571	11,858
Foreign exchange on non-controlling interests		(1,054)	725
Comprehensive income attributable to non-controlling interests		1,908	771
Purchase of non-controlling interests	9	(9,697)	—
Dividends paid to non-controlling interests		(2,724)	—
Non-controlling interests, closing		2,004	13,354
Total equity		$ 800,057	$ 733,738

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the six months ended (in thousands of Canadian dollars)	Notes	September 30, 2018	September 30, 2017
OPERATING ACTIVITIES			
Net income (loss) for the period		$ 31,776	$ (9,818)
Items not affecting cash			
Amortization		12,836	10,142
Deferred income tax recovery		(3,439)	(620)
Share-based compensation expense	18	13,597	23,451
Share of loss of associate	7	258	208
Loss on extinguishment of convertible debentures		13,500	—
Changes in non-cash working capital			
(Increase) decrease in securities owned		(185,567)	314,656
(Increase) decrease in accounts receivable		(171)	1,472,505
(Increase) in net income taxes receivable		(7,323)	(2,027)
Increase (decrease) in securities sold short		108,617	(329,739)
Increase (decrease) in accounts payable, accrued liabilities and provisions		39,857	(1,577,359)
Cash provided by (used in) operating activities		23,941	(98,600)
FINANCING ACTIVITIES			
Bank indebtedness		40,635	2,021
Acquisition of common shares for long-term incentive plan		(28,543)	(24,399)
Purchase of shares for cancellation		(1,256)	—
Proceeds from bank loan		—	66,864
Cash dividends paid on common shares		(14,276)	(11,434)
Cash dividends paid on preferred shares		(4,701)	(4,890)
Proceeds from convertible debentures		56,699	—
Cash provided by financing activities		48,558	28,161
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(1,171)	(3,044)
Acquisition of Hargreave Hale Limited, net of cash acquired		—	(54,475)
Acquisition of Jitneytrade Inc. and Finlogik Inc., net of cash acquired		(7,547)	—
Purchase of non-controlling interests	9	(14,431)	—
Investment in associates		(2,500)	(2,500)
Cash used in investing activities		(25,649)	(60,019)
Effect of foreign exchange on cash balances		(12,412)	(4,202)
Increase (decrease) in cash position		34,438	(134,660)
Cash position, beginning of period		862,838	677,769
Cash position, end of period		$ 897,276	$ 543,109
Supplemental cash flow information			
Interest received		$ 24,645	$ 12,867
Interest paid		$ 12,679	$ 7,694
Income taxes paid		$ 21,104	$ 3,401

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

NOTE 01 Corporate Information

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company or CGGI) is a leading independent, full-service investment dealer with capital markets operations in Canada, the United Kingdom (UK) & Europe, the United States of America (US), Australia, China, Singapore and Dubai. The Company also has wealth management operations in Canada, the UK & Europe, and Australia. The Company has operations in each of the two principal segments of the securities industry: capital markets and wealth management. Together, these operations offer a wide range of complementary investment products, brokerage services and investment banking services to the Company's private, institutional and corporate clients.

Canaccord Genuity Group Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

The Company's common shares are publicly traded under the symbol CF on the Toronto Stock Exchange (TSX). The Company's Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. The Company's Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C. The Company's 6.25% convertible unsecured senior subordinated debentures are listed on the TSX under the symbol CF.DB.A.

The Company's business experiences considerable variations in revenue and income from quarter to quarter and year to year due to factors beyond the Company's control. The Company's business is affected by the overall condition of the worldwide equity and debt markets.

NOTE 02 Basis of Preparation

STATEMENT OF COMPLIANCE

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2018 (March 31, 2018 consolidated financial statements) filed on SEDAR on June 6, 2018. All defined terms used herein are consistent with those terms defined in the March 31, 2018 consolidated financial statements.

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis except for investments, securities owned and securities sold short, which have been measured at fair value as set out in the relevant accounting policies.

These unaudited interim condensed consolidated financial statements are presented in thousands of Canadian dollars, except when otherwise indicated.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on November 13, 2018.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these unaudited interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, expected credit loss provision, fair value of financial instruments, capitalization of intangible assets related to software costs, and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Hargreave Hale and Jitneytrade Inc. and Finlogik Inc. [Note 8].

NOTE 3 Adoption of New and Revised Standards

The accounting policies applied in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the March 31, 2018 consolidated financial statements except the Company adopted the following new accounting standards as of April 1, 2018:

IFRS 9, "Financial Instruments" ("IFRS 9")

On April 1, 2018, the Company adopted IFRS 9 which replaces IAS 39 – Financial Instruments: Recognition and Measurement. The Company adopted the standard using the modified retrospective approach. The adoption of IFRS 9 did not have a significant effect on the Company's measurement of financial assets and liabilities.

The following summarizes the impact of IFRS 9 on the unaudited interim condensed consolidated financial statements for the six months ended September 30, 2018:

<u>Classification – financial assets and liabilities</u>

IFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

On initial recognition, financial assets are classified as instruments measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification is based on two criteria: the Company's business approach for managing the financial assets; and whether the instruments' contractual cash flows result in cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion). The business approach considers whether the Company's objective is to receive cash flows from holding the financial assets, from selling the assets or a combination of both.

- Amortized costs – A financial asset is measured at amortized cost if it is held within a business model that has an objective to hold financial assets to collect contractual cash flows; and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Items included in this category include cash and cash equivalents and accounts receivable.

- FVOCI – A financial asset is classified as FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset result in cash flows that are SPPI. Included in the FVOCI category is our investment in Euroclear, which was previously classified as available for sale under IAS 39. There are no other financial assets classified as FVOCI.

- All other financial assets are measured at FVTPL and consist of marketable securities owned and sold short.

The Company reclassifies financial assets only when its business approach for managing those assets changes.

<u>Impairment – financial assets</u>

The adoption of IFRS 9 changed the Company's accounting for impairment loss for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss approach ("ECL)". Under the ECL model, the Company has to record an allowance for ECL either based on a 12-month ECL or on a lifetime ECL. ECLs are recognized on the following basis:

- A maximum 12 month allowance for ECL is recognized from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.

- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments' initial recognition, reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.

- A lifetime ECL allowance is recognized for credit impaired financial instruments.

IFRS 9 also provides a simplified approach to ECLs for trade receivables that is based on a provision matrix concept which utilizes an entity's historic loss experience by age banding, adjusted for forward looking estimates as applicable.

- The Company's accounts receivables are classified as financial assets measured at amortized costs and are subject to the new ECL model. Accounts receivable includes trade receivables from clients and brokers and dealers. All our corporate finance and client receivables have a maturity of less than 12 months from initial recognition, therefore the allowance is limited to 12-month ECLs. The Company established a provision matrix that is based on its historical credit loss experience adjusted for forward-looking factors as appropriate. The impact of the provision is not considered to have a significant impact to our interim consolidated financial statements for the six months ended September 30, 2018.

Hedge accounting

IFRS 9 offers greater flexibility to the types of transactions eligible for hedge accounting. As the Company does not apply hedge accounting under IAS 39 and IFRS 9, the adoption of IFRS 9 does not have any material impact on our unaudited interim condensed consolidated financial statements for the six months ended September 30, 2018.

IFRS 15, "Revenue from Contracts with Customers"

On April 1, 2018, the Company adopted IFRS 15 using the modified retrospective approach. IFRS 15 replaces IAS 18 "Revenue" and establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Under IFRS 15, the initial steps in revenue recognition are to identify the appropriate contracts with customers and define the performance obligations in the contracts. Revenue is recognized when the performance obligations are satisfied – when "control" of goods or services transfers to the customers. IFRS 15 also requires the transaction price to be allocated to each separate performance obligation in proportion to stand-alone selling prices. In addition, variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The impact on adoption of IFRS 15 on the Company's standard revenue contracts are as follows:

– Commissions and fees – Commission and fees revenue consists of revenue generated through commission-based brokerage services and the sale of fee-based products and services. As discussed above, IFRS 15 requires entities to recognize revenue when "control" of goods or services transfers to the customers whereas IAS 18 required entities to recognize revenue when the "risk and rewards" of the goods or services are transferred to the customers. The performance obligation for the recognition of commission and fees revenue is satisfied through the settlement of trades for clients. There is no material change in the amount or timing of revenue recognized under IFRS 15 compared to IAS 18 as the point of transfer of risk and reward for services and transfer of control occur at the same time.

– Investment banking – Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. There is no material impact on the recognition of investment banking revenue under IFRS 15 compared to IAS 18. Under IAS 18, revenue was recognized upon closing of the underwriting mandate, which also represents completion of the performance obligation under IFRS 15.

– Advisory fees – Advisory fees consist of management and advisory fees, including fees from mergers and acquisition activities. The performance obligation for the recognition of advisory fees revenue is met when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable. In certain cases, some fees are collected based on progress and do not correspond to the satisfaction of any discrete performance obligation. Under IFRS 15, such payments may need to be deferred or recognized on an amortized basis until the performance obligation is satisfied. The impact of this change on the opening retained earnings as of April 1, 2018 and for the six months ended September 30, 2018 is insignificant.

– The following revenue types are excluded from the scope of IFRS 15: Principal trading revenue which consists of revenue earned in connection with principal trading operations, interest revenue, as well as other revenue consisting of foreign exchange gains or losses and revenue earned from our correspondent brokerage services.

NOTE 04 Securities Owned and Securities Sold Short

	September 30, 2018		March 31, 2018	
	Securities owned	**Securities sold short**	Securities owned	Securities sold short
Corporate and government debt	**$ 373,366**	**$ 328,152**	$ 254,671	$ 220,792
Equities and convertible debentures	**281,418**	**81,471**	214,546	80,214
	$ 654,784	**$ 409,623**	$ 469,217	$ 301,006

As at September 30, 2018, corporate and government debt maturities range from 2018 to 2098 [March 31, 2018 – 2017 to 2098] and bear interest ranging from 0.0% to 14.0% [March 31, 2018 – 0.0% to 14.0%].

NOTE 05 Financial Instruments

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, held by the Company at September 30, 2018 and March 31, 2018 are as follows:

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized costs		Total	
	September 30, 2018	March 31, 2018	**September 30, 2018**	March 31, 2018	**September 30, 2018**	March 31, 2018	**September 30, 2018**	March 31, 2018
Financial assets								
Securities owned	**$ 648,687**	$ 462,741	**$ 6,097**	**$ 6,476**	**$ —**	$ —	**$ 654,784**	$ 469,217
Accounts receivable from brokers and investment dealers	—	—	—	—	**1,327,853**	1,405,380	**1,327,853**	1,405,380
Accounts receivable from clients	—	—	—	—	**331,924**	333,434	**331,924**	333,434
RRSP cash balances held in trust	—	—	—	—	**331,061**	330,369	**331,061**	330,369
Other accounts receivable	—	—	—	—	**219,157**	146,654	**219,157**	146,654
Total financial assets	**$ 648,687**	$ 462,741	**$ 6,097**	$ 6,476	**$ 2,209,995**	$ 2,215,837	**$ 2,864,779**	$ 2,685,054
Financial liabilities								
Securities sold short	**$ 409,623**	$ 301,006	**$ —**	$ —	**$ —**	$ —	**$ 409,623**	$ 301,006
Accounts payable to brokers and investment dealers	—	—	—	—	**902,926**	1,051,546	**902,926**	1,051,546
Accounts payable to clients	—	—	—	—	**1,437,503**	1,228,201	**1,437,503**	1,228,201
Other accounts payable and accrued liabilities	—	—	—	—	**345,223**	359,207	**345,223**	359,207
Subordinated debt	—	—	—	—	**7,500**	7,500	**7,500**	7,500
Convertible debentures	—	—	—	—	**126,707**	57,081	**126,707**	57,081
Deferred consideration	—	—	—	—	**9,743**	9,997	**9,743**	9,997
Contingent consideration	—	—	—	—	**50,258**	49,844	**50,258**	49,844
Promissory note	—	—	—	—	**5,594**	—	**5,594**	—
Bank loan	—	—	—	—	**61,985**	71,437	**61,985**	71,437
Total financial liabilities	**$ 409,623**	$ 301,006	**$ —**	$ —	**$ 2,947,439**	$ 2,834,813	**$ 3,357,062**	$ 3,135,819

The Company has not designated any financial instruments as fair value through profit or loss upon initial recognition.

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognized or disclosed are categorized within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at September 30, 2018, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value September 30, 2018		
	September 30, 2018	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 22,250	$ —	$ 22,250	$ —
Government debt	351,116	89,602	261,514	—
Corporate and government debt	373,366	89,602	283,764	—
Equities	280,698	228,742	51,834	122
Convertible debentures	720	—	720	—
Equities and convertible debentures	281,418	228,742	52,554	122
	$ 654,784	$ 318,334	$ 336,318	$ 122
Securities sold short				
Corporate debt	$ (880)	$ —	$ (880)	$ —
Government debt	(327,272)	(95,320)	(231,952)	—
Corporate and government debt	(328,152)	(95,320)	(232,832)	—
Equities	(81,297)	(74,548)	(6,749)	—
Convertible debentures	(174)	—	(174)	—
Equities and convertible debentures	(81,471)	(74,548)	(6,923)	—
	(409,623)	(169,868)	(239,755)	—
Deferred consideration(1)	(9,743)	—	—	(9,743)
Contingent consideration(1)	(50,258)	—	—	(50,258)
Promissory note(1)	(5,594)	—	—	$ (5,594)
	$ (475,218)	$ (169,868)	$ (239,755)	$ (65,595)

(1) Contingent and deferred considerations are settled in cash and the promissory note may be partially or completely settled in shares at the Company's option. They are classified as financial liabilities with any subsequent gains or losses recognized in earnings.

As at March 31, 2018, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value March 31, 2018		
	March 31, 2018	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 13,794	$ —	$ 13,794	$ —
Government debt	240,877	30,593	210,284	—
Corporate and government debt	254,671	30,593	224,078	—
Equities	214,086	165,546	48,404	136
Convertible debentures	460	—	460	—
Equities and convertible debentures	214,546	165,546	48,864	136
	$ 469,217	$ 196,139	$ 272,942	$ 136
Securities sold short				
Corporate debt	$ (4,836)	$ —	$ (4,836)	$ —
Government debt	(215,956)	(34,388)	(181,568)	—
Corporate and government debt	(220,792)	(34,388)	(186,404)	—
Equities	(79,011)	(66,714)	(12,297)	—
Convertible debentures	(1,203)	—	(1,203)	—
Equities and convertible debentures	(80,214)	(66,714)	(13,500)	—
	(301,006)	(101,102)	(199,904)	—
Deferred considerations	(9,997)	—	—	(9,997)
Contingent consideration	(49,844)	—	—	(49,844)
	$ (360,847)	$ (101,102)	$ (199,904)	$ (59,841)

Movement in net Level 3 financial liabilities

Balance, March 31, 2018	$ (59,705)
Addition of contingent consideration	(4,000)
Addition of deferred consideration	(742)
Addition of a promissory note	(5,594)
Foreign exchange revaluation of deferred and contingent consideration	4,568
Balance, September 30, 2018	**$ (65,473)**

In addition to the $55.3 million of deferred and contingent consideration in connection with the acquisition of Hargreave Hale during the year ended March 31, 2018 included as level 3 financial liabilities, there was $4.7 million of contingent and deferred considerations included as part of the total purchase consideration for the acquisition of Jitneytrade Inc. and Finlogik Inc. directly and indirectly through the purchase of Finlogik Capital Inc. (collectively referred to as "Jitneytrade") [Note 8]. There was also a promissory note of $5.6 million related to the purchase of an additional 30% interest in Canaccord Genuity (Australia) Limited during the six months ended September 30, 2018 [Note 9]. The contingent and deferred considerations are settled in cash, and the Australian promissory note may be partially or completely settled in shares at the Company's option. Any subsequent gains or losses are recognized in earnings.

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

Level 2 financial instruments include the Company's investment in certain corporate and government debt, convertible debt, and over-the-counter equities. The fair values of corporate and government debt, and convertible debt classified as Level 2 are determined using the quoted market prices of identical assets or liabilities in markets that do not have transactions which take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company regularly reviews the transaction frequency and volume of trading in these instruments to determine the accuracy of pricing information.

Level 2 financial instruments also include the Company's investment in Euroclear, which has an estimated fair value of $6.1 million (€4.1 million) as at September 30, 2018 [March 31, 2018 – $6.4 million (€4.1 million)]. The current fair value is determined using a market-based approach based on recent share buyback transactions. This investment is classified as a financial asset measured at fair value through other comprehensive income.

ii. Level 3 financial instruments

The fair value for level 3 investments classified as financial instruments measured at fair value through profit and loss ("FVTPL") is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. Prices for FVTPL financial instruments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the FVTPL investments as at September 30, 2018 was $0.1 million [March 31, 2018 – $0.1 million].

Level 3 financial liabilities also include the deferred and contingent considerations included as part of the total purchase consideration for the acquisitions of Hargreave Hale and Jitneytrade [Note 8], as well as the purchase of an additional 30% interest in Canaccord Genuity (Australia) Limited [Note 9]. The fair value for these financial liabilities approximate their carrying value as of September 30, 2018.

The fair value measurements determined as described above may not be indicative of net realizable value or reflective of future values. Furthermore, the Company believes its valuation methods are appropriate and consistent with those which would be utilized by a market participant.

Foreign exchange forward contracts

The Company uses derivative financial instruments to manage foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

Forward contracts outstanding at September 30, 2018:

	Notional amount (millions)		Average price	Maturity	Fair value	
To sell US dollars	**USD$**	**54.9**	**$1.29 (CAD/USD)**	**October 1, 2018**	**$**	**39**
To buy US dollars	**USD$**	**0.5**	**$1.30 (CAD/USD)**	**October 1, 2018**	**$**	**(3)**

Forward contracts outstanding at March 31, 2018:

	Notional amount (millions)		Average price	Maturity	Fair value
To sell US dollars	USD$	17.7	$1.28 (CAD/USD)	April 2, 2018	$(240)
To buy US dollars	USD$	2.1	$1.29 (CAD/USD)	April 2, 2018	$ 3

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the Euro. The weighted average term to maturity is 79 days as at September 30, 2018 [March 31, 2018 – 85 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at September 30, 2018 and March 31, 2018, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	September 30, 2018						March 31, 2018					
		Assets		**Liabilities**		**Notional amount**		Assets		Liabilities		Notional amount
Foreign exchange forward contracts	**$**	**930**	**$**	**847**	**$**	**136,638**	$	847	$	747	$	141,662

Futures

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At September 30, 2018, the notional amount of the bond futures contracts outstanding was long $14.6 million [March 31, 2018 – long $0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. As at September 30, 2018, the notional amount of the US bond futures contracts outstanding was long $8.0 million (US$6.2 million) [March 31, 2018 – nil].

The fair value of all of the above futures contracts is nominal due to their short term to maturity and are included in accounts receivable and accounts payable and accrued liabilities. Realized and unrealized gains and losses related to these contracts are recognized in the statement of operations during the reporting period.

SECURITIES LENDING AND BORROWING

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
September 30, 2018	**$ 245,024**	**$ 37,335**	**$ 61,540**	**$ 280,735**
March 31, 2018	$ 185,042	$ 36,359	$ 52,685	$ 227,677

Securities lending and borrowing are included in the accounts receivable and accounts payable and accrued liabilities balances on the statements of financial position.

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at September 30, 2018 the Company had a balance of $40.6 million outstanding [March 31, 2018 – $nil].

BANK LOAN

A subsidiary of the Company entered a £40.0 million (C$67.3 million as of September 30, 2018) senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale Limited [Note 8]. During the six months ended September 30, 2018, the Company made a repayment of £2.7 million ($4.5 million). The balance outstanding as of September 30, 2018 net of unamortized financing fees was £36.9 million ($62.0 million) [March 31, 2018 – (£39.4 million) ($71.4 million)]. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 2.125% per annum as at September 30, 2018 [March 31, 2018 – 3.375% per annum].

OTHER CREDIT FACILITIES

Subsidiaries of the Company have credit facilities with banks in Canada and the UK for an aggregate amount of $648.8 million. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of September 30, 2018, and 2017, there were no balances outstanding under these other credit facilities.

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling $2.6 million (US$2.0 million) [March 31, 2018 – $2.7 million (US$2.0 million)] as rent guarantees for its leased premises in New York. As of September 30, 2018, and March 31, 2018, there were no outstanding balances under these standby letters of credit.

NOTE 06 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	September 30, 2018	March 31, 2018
Brokers and investment dealers	**$ 1,327,853**	$ 1,405,380
Clients	**331,924**	333,434
RRSP cash balances held in trust	**331,061**	330,369
Other	**219,157**	146,654
	$ 2,209,995	$ 2,215,837

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018	March 31, 2018
Brokers and investment dealers	$ 902,926	$ 1,051,546
Clients	1,437,503	1,228,201
Other	345,223	359,207
	$ 2,685,652	$ 2,638,954

Amounts due from and to brokers and investment dealers include balances from resale and repurchase agreements, securities loaned and borrowed, as well as brokers' and dealers' counterparty balances.

Client security purchases are entered into on either a cash or a margin basis. In the case of a margin account, the Company extends a loan to a client for the purchase of securities, using securities purchased and/or other securities in the client's account as collateral. Amounts loaned to any client are limited by the margin regulations of the regulatory authorities and are subject to the Company's credit review and daily monitoring procedures.

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [September 30, 2018 – 6.70% to 8.00% and 0.00% to 0.15%, respectively; March 31, 2018 – 6.45% to 7.50% and 0.00% to 0.45%, respectively].

As at September 30, 2018, the allowance for doubtful accounts was $4.5 million [March 31, 2018 – $3.4 million].

NOTE 07 Investment

	September 30, 2018	March 31, 2018
Investment	$ 2,278	$ 2,035

During the year ended March 31, 2018, the Company, through a wholly-owned subsidiary, invested $2.5 million for 833,333 Class B Units, at $3.00 per unit, in Canaccord Genuity Acquisition Corp. ("CGAC"). CGAC was a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. On August 13, 2018, CGAC announced that it has completed its qualifying transaction ("the Closing"), pursuant to which it has merged with Spark Power Corp. In conjunction with the Closing, CGAC has been renamed Spark Power Group Inc. ("Spark Power"). Following the Closing, the Company is no longer considered to exert significant influence over the operations of Spark Power. Accordingly, the investment in Spark Power is accounted for as financial assets measured at FVTPL and included as marketable securities on the statement of operations as at September 30, 2018.

During the six months ended September 30, 2018, the Company, through a wholly-owned subsidiary, invested $2.5 million for 833,333 Class B Units, at $3.00 per unit, in Canaccord Genuity Growth Corp. ("CGGC"). CGGC is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. Each Class B Unit consists of one Class B Share and one warrant.

The Company holds a 23.9% interest in CGGC and is considered to exert significant influence over the operations of CGGC. Accordingly, the investment in CGGC is accounted for using the equity method.

The Company's equity portion of the net loss of CGGC for the three months ended September 30, 2018 was $0.3 million.

NOTE 08 Business Combination

On April 25, 2018, the Company announced that it has entered into an agreement to acquire Jitneytrade. Jitneytrade Inc. is a direct access broker and an active trader in futures and equity options in Canada. Finlogik Inc. is in the business of delivering value-added fintech solutions in the Canadian market. The acquisition closed on June 6, 2018. This acquisition serves to support the Company's mid-market growth strategy by enhancing its market share of equities trading and providing access to new areas of growth through accelerating its development of an enhanced fintech product offering. Total purchase consideration was $14.8 million, of which $10.1 million was paid on closing with an additional $0.7 million of deferred consideration payable on June 8, 2020. There is also an estimated $4.0 million of contingent consideration payable over a period of up to five years, based on certain performance measures. Of the total cash consideration, $1.3 million is being held in escrow to be released over a period of up to June 8, 2020.

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

CONSIDERATION PAID

Cash	$	10,058
Deferred consideration		744
Contingent consideration		4,000
	$	14,802

NET ASSETS ACQUIRED

Cash	$	2,511
Accounts receivable		4,896
Other tangible assets		3,114
Liabilities		(6,790)
Identifiable intangible assets		1,922
Deferred tax liability related to identifiable intangible assets		(509)
Goodwill		9,658
	$	14,802

Identifiable intangible assets of $1.9 million were recognized and relate to customer relationships. The goodwill of $9.7 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to $4.0 million as of the acquisition date and will be payable over a period of up to five years. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance measures will be met.

The above amounts included in the purchase price allocation is preliminary. The purchase price and the fair value of the net assets acquired from Jitneytrade are estimates, which were made by management at the time of the preparation of these interim unaudited consolidated financial statements based on available information. Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company in connection with the acquisition of Jitneytrade are $1.2 million. These expenses are mainly comprised of professional and employment costs.

Contributions to revenue and net loss by Jitneytrade, including acquisition-related costs, were $6.0 million and $0.1 million, respectively, since the acquisition date.

Had Jitneytrade been consolidated from April 1, 2018, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $579.6 million and $32.1 million, respectively, for the six months ended September 30, 2018. These figures represent historical results and are not necessarily indicative of future performance.

The preliminary purchase price allocation for the acquisition of Hargreave Hale Limited completed on September 18, 2017 was finalized during the six months ended September 30, 2018, prior to the end of the 12 months period in which changes can be made after the acquisition date as prescribed by IFRS 3 “Business Combination”. No changes were made to the purchase price allocation disclosed in the audited consolidated financial statements for the year ended March 31, 2018.

NOTE 09 Interest in Other Entities

On August 10, 2018, the Company completed its acquisition of an additional 30% of the shares in its Australian capital markets and wealth management business, Canaccord Genuity (Australia) Limited (the "Purchase"). This transaction increases the Company's ownership in Canaccord Genuity (Australia) Limited from 50% to 80%. An additional 5% [March 31, 2018 – 8%] of the issued shares of Canaccord Genuity (Australia) Limited are held by CGA Employee Share Trust which is considered controlled by the Company under IFRS 10. As a result, the Company has an 85% controlling interest in Canaccord Genuity (Australia) Limited [March 31, 2018 – 58%].

The consideration for the Purchase was $37.0 million (A$38.5 million) comprised of $14.4 million (A$15.0 million) cash, a promissory note of $5.8 million (A$6.0 million), and an issuance of 2,331,132 shares with a value of $16.8 million (A$17.5 million). The shares will be subject to a three-year escrow arrangement with annual releases. The promissory note may be settled in cash or shares at the Company's option, bears interest at 4.0% per annum and is payable by February 9, 2020.

As a result of the purchase of non-controlling interests, the Company recorded a reduction in its non-controlling interest of $9.7 million and in its contributed surplus of $27.3 million during the six months ended September 30, 2018.

NOTE 10 Goodwill and Other Intangible Assets

	Goodwill	Brand names	Customer relationships	Technology	Non-competition	Trading licenses	Fund management	Total
Gross amount								
Balance, March 31, 2018	**$ 580,606**	**$ 44,930**	**$ 123,174**	**$ 35,401**	**$ 14,153**	**$ 196**	**$ 40,238**	**$ 258,092**
Additions	**9,655**	**—**	**1,922**	**—**	**—**	**—**	**—**	**1,922**
Transfer between categories	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Foreign exchange	**(11,937)**	**—**	**(6,343)**	**(2,227)**	**—**	**—**	**(2,895)**	**(11,465)**
Balance, September 30, 2018	**578,325**	**44,930**	**118,753**	**33,174**	**14,153**	**196**	**37,343**	**248,549**
Accumulated amortization and impairment								
Balance, March 31, 2018	**(322,632)**	**—**	**(61,778)**	**(19,373)**	**(14,153)**	**(196)**	**(1,835)**	**(97,335)**
Transfer between categories	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amortization	**—**	**—**	**(5,603)**	**(825)**	**—**	**—**	**(1,167)**	**(7,595)**
Foreign exchange	**—**	**—**	**2,608**	**1,201**	**—**	**—**	**163**	**3,972**
Balance, September 30, 2018	**(322,632)**	**—**	**(64,771)**	**(18,998)**	**(14,153)**	**(196)**	**(2,839)**	**(100,957)**
Net book value								
March 31, 2018	257,974	44,930	61,396	16,028	—	—	38,403	160,757
September 30, 2018	**$ 255,693**	**$ 44,930**	**$ 53,982**	**$ 14,176**	**$ —**	**$ —**	**$ 34,505**	**$ 147,592**

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 80% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), Eden Financial, Hargreave Hale and Jitneytrade are customer relationships, non-competition agreements, trading licenses, fund management contract and technology, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is considered to have an indefinite life, as it will provide benefit to the Company over a continuous period.

As a result of the acquisition of Jitneytrade, the Company recognized goodwill of $9.7 million and identifiable intangible assets of $1.9 million relating to customer relationships as of the acquisition date, which is being amortized over 8 years [Note 8].

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

The carrying amounts of goodwill and indefinite life intangible assets acquired through business combinations have been allocated to the cash-generating units (CGUs) as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	September 30, 2018	March 31, 2018	**September 30, 2018**	March 31, 2018	**September 30, 2018**	March 31, 2018
Canaccord Genuity CGUs						
Canada (Genuity)	**$ 44,930**	$ 44,930	**$ 92,074**	$ 92,074	**$ 137,004**	$ 137,004
Canada (Jitneytrade)	**—**	—	**9,655**	—	**9,655**	—
Canaccord Genuity Wealth Management CGUs						
UK and Europe (Channel Islands)	**—**	—	**90,721**	97,754	**90,721**	97,754
UK and Europe (Eden Financial Ltd.) (“Eden”)	**—**	—	**9,986**	10,761	**9,986**	10,761
UK and Europe (Hargreave Hale)	**—**	—	**53,257**	57,385	**53,257**	57,385
	$ 44,930	$ 44,930	**$ 255,693**	$ 257,974	**$ 300,623**	$ 302,904

The Genuity brand name is considered to have an indefinite life as the Company has no plans to cease its use in the future.

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. At September 30, 2018 no indicators of impairment were identified.

NOTE 11 Income Taxes

The Company’s income tax expense differs from the amount that would be computed by applying the combined federal and provincial/state income tax rates as a result of the following:

	For the three months ended		For the six months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Income taxes at the statutory rate of 27.0% (F2018: 26.0%)	**$ 5,326**	$ (1,838)	**$ 11,235**	$ (2,298)
Difference in tax rates in foreign jurisdictions	**(166)**	(1,585)	**(585)**	(2,422)
Non-deductible items affecting the determination of taxable income	**2,925**	426	**3,446**	1,078
Share based payments	**(23)**	3,185	**(900)**	2,825
Change in accounting and tax base estimate	**(813)**	27	**(1,277)**	172
Other	**(360)**	(518)	**(561)**	(478)
(utilization of tax losses previously not recognized) tax losses and other temporary differences not recognized	**(286)**	495	**(1,522)**	2,103
Income tax expense – current and deferred	**$ 6,603**	$ 192	**$ 9,836**	$ 980

NOTE 12 Subordinated Debt

	September 30, 2018	March 31, 2018
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	**$ 7,500**	$ 7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of IIROC. As at September 30, 2018 and March 31, 2018, the interest rates for the subordinated debt were 7.70% and 7.45%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

NOTE 13 Bank Loan

	September 30, 2018	March 31, 2018
Loan	$ 62,793	$ 72,500
Less: Unamortized financing fees	(807)	(1,063)
	61,986	71,437
Current portion	8,982	9,679
Long term portion	53,003	61,758

In connection with the acquisition of Hargreave Hale [Note 8], a subsidiary of the Company entered into a senior credit facility in the amount of £40.0 million (C$ 67.3 million) to finance a portion of the cash consideration. During the six months ended September 30, 2018, the Company made a repayment of £2.7 million ($4.5 million).

The balance outstanding as of September 30, 2018 net of unamortized financing fees was £36.9 million ($62.0 million). The loan is repayable in instalments of principal and interest over the period ending in September 2021. The interest rate on this loan is LIBOR plus 2.125% per annum at September 30, 2018 [March 31, 2018 – 3.375% per annum].

NOTE 14 Convertible Debentures

	September 30, 2018		March 31, 2018	
	Liability	Equity	Liability	Equity
Convertible debentures	$ 126,707	$ 5,156	$ 57,081	$ 2,604

On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of $59,225,000 (the “Offered Debentures”). The Company had also closed the concurrent non-brokered private placement with a large Canadian asset manager, for gross proceeds of $73,500,000, which together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of $132,725,000 (together with the Offered Debentures, the “Convertible Debentures”). The Company used the proceeds from the Convertible Debentures to redeem the $60.0 million convertible unsecured subordinated debentures issued in 2016. The remainder of the proceeds will be used by the Company to finance growth in its wealth management business in Canada and the UK & Europe, and elsewhere as opportunities arise. The net amount recognized after deducting issue costs net of deferred tax liability was $129.2 million.

The $60.0 million convertible unsecured subordinated debentures issued in October 2016 was considered extinguished for accounting purposes under IFRS 9 Financial Instruments. As a result, the liability associated with the extinguished debentures was derecognized on the statement of financial position as at September 30, 2018 and the Company recorded a loss of $13.5 million on the extinguishment during the six months ended September 30, 2018.

The Convertible Debentures bear interest at a rate of 6.25% per annum, payable semi-annually on the last day of December and June each year commencing December 31, 2018. The Convertible Debentures are convertible at the holder’s option into common shares of the Company, at a conversion price of $10.00 per common share. The Convertible Debentures mature on December 31, 2023 and may be redeemed by the Company in certain circumstances, on or after December 31, 2021.

The Debentures are classified as compound financial instruments. On initial recognition, the fair value of the liability is calculated based on the present value of future cash flows under the instruments, discounted at 7%, being equal to the rate of interest applied by the market at the time of issue to instruments of comparable credit status and future cash flows, without the conversion feature. The residual amount is recorded as a component of shareholders’ equity.

NOTE 15 Preferred Shares

	September 30, 2018		March 31, 2018	
	Amount	Number of shares	Amount	Number of shares
Series A Preferred Shares issued and outstanding	$ 110,818	4,540,000	$ 110,818	4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	94,823	3,893,206	94,823	3,893,206
	$ 205,641	8,433,206	$ 205,641	8,433,206

Terms of the Series A and C Preferred Shares are disclosed in Note 18 of the March 31, 2018 consolidated financial statements.

NOTE 16 Common Shares and Warrants

	September 30, 2018		March 31, 2018	
	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	$ 788,564	115,706,975	$ 772,746	113,522,629
Unvested share purchase loans	(4,955)	(136,483)	(5,098)	(654,322)
Held for the LTIP	(114,001)	(18,515,887)	(117,802)	(19,814,432)
	$ 669,608	97,054,605	$ 649,846	93,053,875

	September 30, 2018		March 31, 2018	
Warrants	Amount	Number of warrants	Amount	Number of warrants
Warrants issued in connection with private placement	$ 1,975	3,438,412	$ 1,975	3,438,412

The terms of the warrants are disclosed in the March 31, 2018 consolidated financial statements.

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2018	113,522,629	$ 772,746
Shares issued in connection with share-based payment plans	32,114	233
Shares issued in connection with purchase of non-controlling interest (Note 9)	2,331,132	16,807
Shares cancelled	(178,900)	(1,222)
Balance, September 30, 2018	**115,706,975**	**$ 788,564**

On August 10, 2018, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,677,589 of its common shares during the period from August 15, 2018 to August 14, 2019 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the six months ended September 30, 2018, there were 152,200 shares purchased and cancelled under the NCIB which commenced August 15, 2017 and ended on August 14, 2018, as well as 26,700 shares that were purchased and cancelled under the current NCIB.

[iii] EARNINGS PER COMMON SHARE

	For the three months ended		For the six months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Basic earnings (loss) per common share				
Net income (loss) attributable to CGGI shareholders	**$ 12,902**	$ (7,485)	**$ 30,518**	$ (9,747)
Preferred shares dividends	**(2,351)**	(2,351)	**(4,702)**	(4,891)
Net income (loss) available to common shareholders	**10,551**	(9,836)	**25,816**	(14,638)
Weighted average number of common shares (number)	**96,583,067**	92,529,351	**95,590,153**	92,797,346
Basic earnings (loss) per share	**$ 0.11**	$ (0.11)	**$ 0.27**	$ (0.16)
Diluted earnings (loss) per common share				
Net income (loss) available to common shareholders	**10,551**	(9,836)	**25,816**	(14,638)
Weighted average number of common shares (number)	**96,583,067**	n/a	**95,590,153**	n/a
Dilutive effect in connection with LTIP (number)	**17,441,785**	n/a	**17,377,274**	n/a
Dilutive effect in connection with warrants (number)	**1,023,155**	n/a	**915,784**	n/a
Dilutive effect in connection with performance stock options (number)	**298,637**	n/a	**59,086**	n/a
Dilutive effect in connection with a promissory note (number)	**486,477**	n/a	**122,619**	n/a
Dilutive effect in connection with other share-based payment plans (number)	**27,844**	n/a	**27,585**	n/a
Adjusted weighted average number of common shares (number)	**115,860,965**	n/a	**114,092,501**	n/a
Diluted earnings (loss) per common share	**$ 0.09**	$ (0.11)	**$ 0.23**	$ (0.16)

The Convertible Debentures were excluded from the diluted earnings per share calculation for the three- and six months ended September 30, 2018 as they were anti-dilutive.

The promissory note issued as part of the purchase consideration in the purchase of non-controlling interest can be partially or completely settled in shares at the Company's option [Note 9]. As such, as per IAS 33, the weighted average number of common shares for the purpose of the diluted EPS calculation is increased by the weighted average number of additional common shares that would have been outstanding assuming the promissory note is settled in shares.

For periods with net losses attributable to common shareholders, all instruments involving potential common shares were excluded from the calculation of diluted earnings per share as they were anti-dilutive.

NOTE 17 Dividends

COMMON SHARES DIVIDENDS

The Company declared the following common share dividend during the six months ended September 30, 2018:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
August 31, 2018	September 10, 2018	$ 0.01	$ 1,157
June 22, 2018	July 3, 2018	$ 0.12	$ 13,626

On November 13, 2018, the Board of Directors approved a dividend of $0.01 per common share, payable on December 10, 2018, with a record date of November 30, 2018 [Note 22].

PREFERRED SHARES DIVIDENDS

The Company declared the following preferred shares dividends during the six months ended September 30, 2018:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
September 14, 2018	October 1, 2018	$ 0.24281	$ 0.312060	$ 2,351
June 22, 2018	July 3, 2018	$ 0.24281	$ 0.312060	$ 2,351

On November 13, 2018, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on December 31, 2018 to Series A Preferred shareholders of record as at December 14, 2018 [Note 22].

On November 13, 2018, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on December 31, 2018 to Series C Preferred shareholders of record as at December 14, 2018 [Note 22].

NOTE 18 Share-based Payment Plans

i. LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (LTIP) or the "Plan", eligible participants are awarded restricted share units (RSUs), which generally vest over three years. All awards under the Plan are settled by transfer of shares from employee benefit trusts ("Trusts") which are funded by the Company, or certain of its subsidiaries, as the case may be, with cash which is used by the trustees to purchase common shares on the open market that will be held in the Trusts until the RSUs vest. No further shares may be issued from treasury under the LTIP.

Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. With the change, RSUs will continue to vest after termination of employment so long as the employee does not violate certain post-termination restrictions and is not engaged in certain competitive or soliciting activities as provided in the Plan. Because of this change, the Company determined that the awards do not meet the criteria for an in-substance service condition, as defined by IFRS 2 "Share based payments". Accordingly, RSUs granted as part of the normal course incentive compensation payment cycle are expensed in the period in which those awards are deemed to be earned with a corresponding increase in contributed surplus, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were determined and earned in respect of that fiscal year.

For certain awards, typically new hire awards or retention awards, vesting is subject to continued employment and therefore these awards are subject to a continuing service requirement. Accordingly, the Company recognizes the cost of such awards as an expense on a graded basis over the applicable vesting period with a corresponding increase in contributed surplus.

There were 4,111,628 RSUs granted in lieu of cash compensation to employees during the period ended September 30, 2018 [September 30, 2017 – 6,723,504 RSUs]. The Trusts purchased 3,987,376 common shares during the six months ended September 30, 2018 [September 30, 2017 – 5,100,951 common shares].

The fair value of the RSUs at the measurement date is based on the fair value on the grant date. The weighted average fair value of RSUs granted during the six-month period ended September 30, 2018 was $7.11 [September 30, 2017 – $5.00].

	Number
Awards outstanding, March 31, 2018	20,130,388
Grants	4,111,628
Vested	(5,276,664)
Forfeited	(61,320)
Awards outstanding, September 30, 2018	**18,904,032**

	Number
Common shares held by the Trusts, March 31, 2018	19,814,432
Acquired	3,987,376
Released on vesting	(5,285,921)
Common shares held by the Trusts, September 30, 2018	**18,515,887**

ii. PERFORMANCE SHARE UNITS

The Company adopted a performance share unit ("PSU") plan for certain senior executives during the year ended March 31, 2018. On June 12, 2018, the company granted 877,485 units under the PSU plan. The PSUs are a notional equity-based instrument linked to the value of the Company's common shares. At the end of a 3-year vesting period, the number of PSUs which vest is determined upon performance against certain pre-determined metrics. The PSUs cliff vest on the third anniversary of the date of the grant. The PSUs are settled in cash, based on the market price of the Company's shares at the time of vesting.

The PSUs were measured at fair value on grant date. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at September 30, 2018 was $6.6 million [March 31, 2018 – $6.1 million].

iii. PERFORMANCE STOCK OPTIONS

On June 1, 2018, the Company created a performance share option ("PSO") plan that was approved at the Company's Annual General Meeting held on August 2, 2018. On June 14, 2018, the Company granted 5,620,000 options under the PSO plan. The options have an exercise price of $6.73 per share. In addition, the Company granted 600,000 options on August 16, 2018 with an exercise price of $7.067. For accounting purposes under IFRS 2, the grant date of the PSOs is August 2, 2018, being the date the PSO plan was approved at the Annual General Meeting. The PSOs have a term of five years and will time-vest ratably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a four times exercise price cap on payout value (i.e. the gain on the exercise of the options is limited to three times the exercise price). The PSOs will expire on June 14, 2023.

The following is a summary of the Company's PSOs as at September 30, 2018:

	Number of PSOs	Weighted average exercise price
Balance, March 31, 2018	—	$ —
Granted	6,220,000	6.76
Exercised	—	—
Balance, September 30, 2018	6,220,000	$ 6.76

Under IFRS 2 Share-based payments, the impact of market conditions such as a target share price upon which vesting is conditioned, should be considered when estimating the fair value of the PSOs. A Monte Carlo simulation is used to simulate a range of possible future stock prices for the Company over the period from the grant date to the expiry date of the PSOs. The purpose of this modeling is to use a probabilistic approach for estimating the fair value of the PSOs under IFRS 2. The following assumptions were used in the Monte Carlo model for grants made in the six months ended September 30, 2018:

Dividend yield	2.16%
Expected volatility	40.92%
Risk-free interest rate	2.24%
Expected life	4 years

The weighted average fair value of the PSOs awarded is $1.93. The amortization expense of the PSOs is recorded over the remaining service period. Compensation expense of $0.7 million was recognized for the six months ended September 30, 2018.

Option pricing models require the input of highly subjective assumptions. Changes in the subjective assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's PSOs.

iv. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended		For the six months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Long-term incentive plan	**$ 4,165**	$ 11,140	**$ 12,338**	$ 23,109
Forgivable common share purchase loans	**—**	341	**35**	594
Deferred share units (cash-settled)	**303**	(594)	**(15)**	(252)
PSO	**739**	—	**739**	—
PSU	**500**	—	**500**	—
Total share-based compensation expense	**$ 5,707**	$ 10,887	**$ 13,597**	$ 23,451

NOTE 19 Related Party Transactions

Security trades executed by the Company for officers and directors are transacted in accordance with the terms and conditions applicable to all clients. Commission income on such transactions in the aggregate is not material in relation to the overall operations of the Company.

Accounts receivable and accounts payable and accrued liabilities include the following balances with key management personnel:

	September 30, 2018	March 31, 2018
Accounts receivable	**1,687**	$ 969
Accounts payable and accrued liabilities	**1,636**	$ 1,527

NOTE 20 Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity – includes investment banking, advisory, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK, Europe and Dubai, Australia and the US. Operations located in Other Foreign Locations under Canaccord Genuity Asia are also included in Canaccord Genuity.

Canaccord Genuity Wealth Management – provides brokerage services and investment advice to retail or institutional clients in Canada, the US, and the UK and Europe.

Corporate and Other includes correspondent brokerage services, interest and foreign exchange revenue and expenses not specifically allocable to Canaccord Genuity or Canaccord Genuity Wealth Management.

The Company's industry segments are managed separately because each business offers different services and requires different personnel and marketing strategies. The Company evaluates the performance of each business based on operating results, without regard to non-controlling interests.

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity segment, as it relates to the acquisitions of Genuity, Jitneytrade and the 50% interest in Canaccord Genuity Australia. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to Canaccord Genuity and Canaccord Genuity Wealth Management segments in the UK and Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisition of Eden Financial Ltd. is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Eden Financial Ltd.). Amortization of identifiable intangible assets acquired through the acquisition of Hargreave Hale is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Hargreave Hale). There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

	For the three months ended							
	September 30, 2018				September 30, 2017			
	Canaccord Genuity	**Canaccord Genuity Wealth Management**	**Corporate and Other**	**Total**	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Commissions and fees	**$ 44,850**	**$ 94,552**	**$ —**	**$ 139,402**	$ 36,039	$ 60,089	$ —	$ 96,125
Investment banking	**55,026**	**12,400**	**—**	**67,426**	27,392	5,964	—	33,356
Advisory fees	**43,916**	**480**	**—**	**44,396**	30,449	140	—	30,589
Principal trading	**28,977**	**(28)**	**—**	**28,949**	22,746	102	—	22,849
Interest	**4,752**	**8,047**	**2,527**	**15,326**	1,814	2,632	1,347	5,793
Other	**1,213**	**675**	**2,649**	**4,537**	440	636	1,757	2,835
Expenses, excluding undernoted	**145,967**	**86,746**	**15,377**	**248,090**	112,467	54,456	10,497	177,420
Amortization	**1,847**	**4,063**	**288**	**6,198**	2,438	2,358	352	5,148
Development costs	**120**	**3,896**	**37**	**4,053**	256	1,191	39	1,486
Interest expense	**2,476**	**1,365**	**4,377**	**8,218**	2,367	184	1,180	3,731
Restructuring costs	**—**	**—**	**—**	**—**	4,256	2,000	—	6,256
Acquisition-related costs	**—**	**—**	**—**	**—**	—	4,364	—	4,364
Loss on extinguishment of convertible debentures	**—**	**—**	**13,500**	**13,500**				
Share of loss of an associate	**—**	**—**	**247**	**247**	—	—	208	208
Income (loss) before intersegment allocations and income taxes	**28,324**	**20,056**	**(28,650)**	**19,730**	(2,904)	5,010	(9,172)	(7,066)
Intersegment allocations	**4,110**	**3,671**	**(7,781)**	**—**	3,869	4,091	(7,960)	—
Income (loss) before income taxes	**$ 24,214**	**$ 16,385**	**$ (20,869)**	**$ 19,730**	$ (6,773)	$ 919	$ (1,212)	$ (7,066)

	For the six months ended							
	September 30, 2018				September 30, 2017			
	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Commissions and fees	$ 84,957	$ 190,825	$ —	$ 275,782	$ 77,812	$ 123,269	$ —	$ 201,080
Investment banking	112,018	22,929	—	134,947	59,813	14,239	—	74,052
Advisory fees	68,557	753	—	69,310	49,345	140	—	49,485
Principal trading	59,871	(14)	—	59,857	48,578	154	—	48,732
Interest	6,953	12,735	4,884	24,572	3,813	5,063	2,094	10,970
Other	2,550	1,474	5,667	9,691	1,305	1,649	4,081	7,035
Expenses, excluding undernoted	280,428	172,155	29,157	481,740	231,743	110,876	22,831	365,450
Amortization	3,910	8,315	611	12,836	4,856	4,673	613	10,142
Development costs	174	7,664	74	7,912	385	2,470	110	2,965
Interest expense	5,180	2,859	5,773	13,812	4,958	280	2,938	8,176
Restructuring costs	1,316	—	—	1,316	4,704	2,000	—	6,704
Acquisition-related costs	1,173	—	—	1,173	—	6,548	—	6,548
Loss on extinguishment of convertible debentures	—	—	13,500	13,500	—	—	—	—
Share of loss of an associate	—	—	258	258	—	—	208	208
Income (loss) before intersegment allocations and income taxes	42,725	37,709	(38,822)	41,612	(5,980)	17,667	(20,525)	(8,838)
Intersegment allocations	8,415	7,018	(15,433)	—	8,183	8,632	(16,815)	—
Income (loss) before income taxes	$ 34,310	$ 30,691	$ (23,389)	$ 41,612	$ (14,163)	$ 9,035	$ (3,710)	$ (8,838)

For geographic reporting purposes, the Company's business operations are grouped into Canada, the US, the UK, Europe (including Dubai), Australia and Other Foreign Locations which is comprised of our Asian operations. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of location of the underlying corporate operating results):

	For the three months ended		For the six months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Canada	$ 133,761	$ 63,392	$ 231,149	$ 137,098
UK and Europe	83,495	72,151	171,073	136,955
United States	73,316	46,735	150,164	102,471
Australia	9,453	9,269	21,784	14,803
Other Foreign Locations	11	—	(11)	28
	$ 300,036	$ 191,547	$ 574,159	$ 391,355

NOTE 21 Provisions and Contingencies

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the six months ended September 30, 2018:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2018	**$ 3,253**	**$ 5,175**	**$ 8,428**
Additions	**346**	**1,316**	**1,662**
Utilized	**(557)**	**(3,348)**	**(3,905)**
Balance, September 30, 2018	**$ 3,042**	**$ 3,143**	**$ 6,185**

The restructuring provision recorded during the period ended September 30, 2018 related to termination benefits incurred as a result of the restructuring in our UK and Europe capital markets operations.

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of September 30, 2018, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of September 30, 2018, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

There were no additional changes to the Company's commitments or contingencies from those described in Notes 26 and 27 of the March 31, 2018 audited consolidated financial statements and Note 20 of the interim consolidated financial statements for the three months ended June 30, 2018.

NOTE 22 Subsequent Events

i. DIVIDENDS

On November 13, 2018, the Board of Directors approved a dividend of $0.01 per common share, payable on December 10, 2018, with a record date of November 30, 2018 [Note 17].

On November 13, 2018, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on December 31, 2018 with a record date of December 14, 2018; and $0.31206 per Series C Preferred Share payable on December 31, 2018 with a record date of December 14, 2018. [Note 17].

Shareholder Information

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Stock Exchange Listing

Common shares:
TSX: CF

Preferred shares:
Series A (TSX): CF.PR.A.
Series C (TSX): CF.PR.C.

Corporate Website

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The Canaccord Genuity Group Inc.
2018 Annual Report is available on our website at www.canaccordgenuitygroup.com. For a printed copy, please contact the Investor Relations department.

Expected Dividend(1) and Earnings Release Dates for the Next Four Quarters

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q3/19	February 13, 2019	March 15, 2019	April 1, 2019	March 1, 2019	March 15, 2019
Q4/19	June 5, 2019	June 21, 2019	July 2, 2019	June 21, 2019	July 2, 2019
Q1/20	August 7, 2019	September 13, 2019	September 30, 2019	August 30, 2019	September 10, 2019
Q2/20	November 6, 2019	December 20, 2019	December 31, 2019	November 29, 2019	December 10, 2019

(1) Dividends are subject to Board of Directors approval. All dividend payments will depend on general business conditions and the Company's financial conditions, results of operations, capital requirements and such other factors as the Board determines to be relevant.

Shareholder Administration

For information about stock transfers, address changes, dividends, lost stock certificates, tax forms and estate transfers, contact:

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Offers enrolment for self-service account management for registered shareholders through the Investor Centre.

Financial Information

For present and archived financial information, please visit www.canaccordgenuitygroup.com

Auditor

Ernst & Young LLP
Chartered Professional Accountants
Vancouver, BC